

*2025*

# Budget Submission

# I. Introduction

The lack of funding for Ontario’s post-secondary education sector continues to leave students and the sector in a financial crisis. For the past twenty years, students continue to struggle to make ends meet, the combination of the budget cuts in the province and the impact from decades of underfunding compounded with the extremely high costs of living have only further plunged students deeper into this crisis. When students graduate, they enter into years – sometimes a full decade, in repayment even after years of finishing their post-secondary education. Students continue to experience unaffordable and inaccessible conditions, which furthers the socioeconomic disparities that often leave out Indigenous, Black, racialized and people with disabilities from accessing post-secondary education. So long as this crisis continues unabated for post-secondary students, the future of Ontario’s colleges and universities and the longevity of the sector will remain uncertain and precarious.



## II. Tuition Fees

*Recommendation: Increase funding to post-secondary education by \$4.9 billion annually.*

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Tuition fees remain to be the largest barrier to accessing education, especially in Ontario. In 2024-25, Ontario will remain to have the highest domestic tuition fees in the country, along with New Brunswick and Nova Scotia. **In 2024, the average tuition fees for domestic undergraduate students was \$8,514, while the average tuition fees for International undergraduate students was \$48,267, the highest International undergraduate tuition in Canada.**<sup>1</sup> There is no doubt that high tuition fees add to the enormous financial burdens that students in Ontario already face. Ontario has the largest post-secondary sector and yet dedicated long-term funding is not at the level required to support an accessible system.

Ontario's high tuition fees are a result of a severely underfunded system, due to a steady decline in public funding. In 1990, government funding covered 80% of operating funding, the largest source of post-secondary institution revenue, while tuition fees only covered 18%.<sup>2</sup> Over decades, a significant decline in Ontario public funding has inverted these ratios. Now, 64% of university and 24% of colleges operating funding comes from tuition fees, while only 31% comes from provincial funding.<sup>3</sup> The resulting funding structure for higher education in Ontario lacks both fairness and sufficiency, as colleges and universities rely on student fees to cover the fallout from the public funding loss. International students are particularly exploited in this model, accounting for huge portions of tuition fees due to their egregiously high differential fees. **In the 2021–2022 academic year, close to 19% of full-time students were International students—yet, these students contributed nearly half (48.4%) of all tuition fees in the province.** Ontario has descended to the lowest rates of post-secondary funding in the country, shamelessly exploiting International students to barely sustain a system that is falling apart at the seams.

1 Government of Canada, Statistics Canada, “Canadian and international tuition fees by level of study (current dollars)”, September 4, 2024, <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3710004501>.

2 Rouf, Kazi “Canadian Higher Education Student Financial Aid Policies, Products and Services in Canada”. September 9, 2019.

3 Romard, Ryan and Robinson, Randy “Back from the Brink: Restoring Public Funding to Ontario’s Universities” Canadian Centre for Policy Alternatives. November 2023.

## Comparison of Funding Sources for Post-Secondary Institutions, 1990 vs. 2022

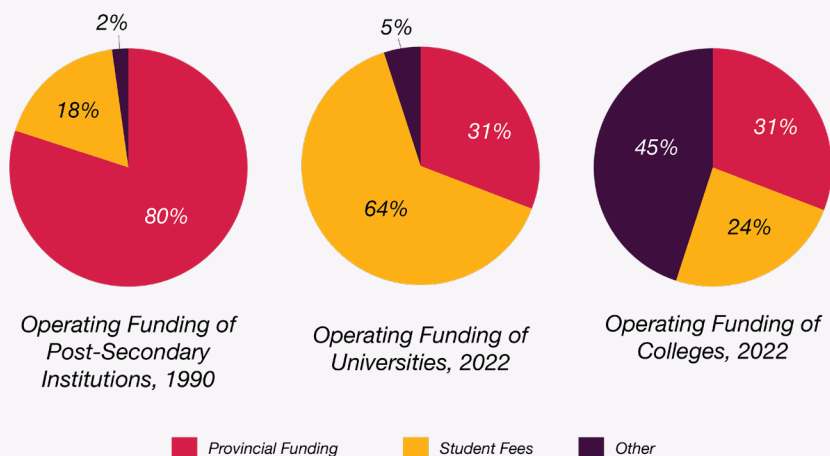


Figure 1: Over the past two decades, provincial funding to post-secondary institutions have reduced by nearly 50%, leading to an increased dependency on student fees to cover the costs of Operating Funds.

In response to the warning signs of underfunding of the sector, the province assembled the Blue Ribbon Panel to address these concerns. Although students are the largest stakeholders in Ontario’s college and university system, there were no students on the panel. In the Blue Ribbon Panel report, it was announced that \$1.3 Billion would be distributed to post-secondary education over three years (as announced by the provincial government). Yet according to the Financial Accountability Office of Ontario<sup>4</sup>, in the Q2 period unaudited spending, funding went down by ~3.5%, equivalent to \$211 Million. This announcement in funding did not make up for the shortfall in provincial funding for the sector. Furthermore, according to the FAO, the province spent \$229 million less than planned in Colleges, Universities and Student Support (Vote-Item 3002-1)<sup>5</sup>, which provides operating grants for colleges and universities, and student financial assistance programs, including OSAP.

The current funding structure for Ontario’s post-secondary education is unacceptable. The Federation maintains that the provincial government must increase funding to post-secondary institutions in order to provide **free education for all students**. The Federation insists that the only way to create sustainable institutions is to drastically increase public funding to institutions. To begin, the Federation recommends **increasing funding to post-secondary education by \$4.9 billion**, in order to bring Ontario in line with the national average for post-secondary spending.<sup>6</sup>

4 Financial Accountability Office of Ontario, “Expenditure Monitor 2024-25: Q2, Financial Accountability Office of Ontario”, December 11, 2024, <https://fao-on.org/en/report/2024-25-expenditure-monitor-q2/>, (page 1).

5 Financial Accountability Office of Ontario, “Expenditure Monitor 2024-25: Q2, Financial Accountability Office of Ontario”, December 11, 2024, <https://fao-on.org/en/report/2024-25-expenditure-monitor-q2/>, (page 1).

6 Romard, Ryan and Robinson, Randy “Back from the Brink: Restoring Public Funding to Ontario’s Universities” Canadian Centre for Policy Alternatives. November 2023.

### III. OSAP

*Recommendation: The provincial government must restore its financial aid supports back to 2018-2019 levels with at least \$1.2 billion invested in OSAP and turn all existing merit-based scholarships into the form of needs-based grants to students rather than loans and scholarships.*

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Since 2018-2019, the provincial government has reduced OSAP funding for domestic students, shifting its focus from grants-based funding to primarily loan-based funding. The shifts in the program have resulted in mainly offering loans that ultimately come with their exclusions and restrictions. These challenges have increased student debt and reduced grant eligibility, ultimately disproportionately impacting all students.

Indigenous students who study at non-Indigenous institutions have indicated a negative education experience, namely that institutions do not adequately and meaningfully incorporate Indigenous students' cultures and history into their programs, courses and supports.<sup>7</sup> **At the same time, Indigenous institutions in Ontario receive significantly less funding than other post-secondary education institutions and less OSAP funding per student** as the provincial government continues to determine how much loans and grants are received based on the specific institution, program and needs of each student.

For part-time students, their outstanding balance cannot exceed \$10,000 at any time, with some grants that cover only up to \$2,800 per academic year. Factors such as types of programs, fields of study, and where the institution is regionally located also determine the OSAP amount students receive. **In some instances, students with disabilities who qualify for and receive Ontario Disability Support Program (ODSP) payments also receive less in OSAP funding**, but there are restrictions on how much they are allowed to work, thereby posing more challenges for them to attend post-secondary education.

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<sup>7</sup> Indspire. *Truth and Reconciliation in Post Secondary Settings: Student Experience*. 2018

These public funding cuts significantly impact institutions that require sustained and strategic support, such as small, Northern, rural, and Francophone institutions. For instance, **the government's one-time funding of \$10 million for Francophone institutions, if equally distributed among the various Francophone institutions in Ontario, would amount to approximately \$2.5 million per institution for the 2024–2025 academic year.**<sup>8</sup> As the \$2.5 million is distributed across the numerous priorities of Francophone or Northern institutions, students are often left with little to no direct financial support from the institution or the government.

Tuition fees remain to be the largest barrier to post-secondary education, and despite OSAP being available for domestic students, it either does not provide enough funding to cover a student's tuition costs, or a student is not eligible at all even though they would greatly benefit from financial support. OSAP is used to justify the high-cost of tuition fees while the program falls short in supporting those who need it most. In the same vein, International students' tuition fees are justified to make up the shortfall of provincial funding, essentially subsidizing the cost of education for domestic students, and yet they have no financial support. Despite the fact that International students' tuition fees are exorbitantly high and are unregulated, they are not eligible for OSAP.

While the OSAP program requires a larger budget to support students effectively, the structure of the program also requires changes. The OSAP program's current structure in this province comprises a two-part loan system – the Federal loan portion and the provincial loan portion. Although the federal portion of the OSAP loan is interest-free, the provincial portion, while greater than the federal portion, continues to accrue interest on the principal loan as soon as students graduate or leave full-time studies. Although students have a six-month grace period before being mandated to start repaying, the immediate interest rate accrual on the provincial portion loan is unfair and unrealistic. It is imperative that the provincial government match what the Federal government is implementing to ensure that students with OSAP debt are interest-free.

**The provincial government must restore its financial aid supports back to 2018-2019 levels with at least \$1.2 billion<sup>9</sup> invested in OSAP and turn all existing merit-based scholarships into the form of needs-based grants to students rather than loans and scholarships.** The commitments to invest in students cannot be fulfilled through the proposed one-time funding initiatives provided by the government – it must be a continuous investment for students who need access to the grants.

8 Iyare, Osa. "Quebec Announces Additional \$10M towards Francization". 2024.

9 Romard, Ryan and Robinson, Randy "Back from the Brink: Restoring Public Funding to Ontario's Universities" Canadian Centre for Policy Alternatives. November 2023.

While the Federation continues to advocate for free and accessible, high-quality post-secondary education, support for students must also be extended to all students – this means revamping the OSAP system right now that is primarily loan based and turning it into a needs-based grant system to all students who are studying in this province, regardless of their institution, program, field of study, and status.

## IV. International Tuition Fees

*Recommendation: Remove differential fees and regulate tuition fees for International students.*

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The provincial government has deregulated tuition fees for International students since 1996. As a result, this policy has allowed post-secondary institutions to increase tuition fees however they see fit with no cap restrictions, thereby creating differential fees. Simultaneously, the public funding for post-secondary education has continued to decrease for decades where students have witnessed the overreliance on International student fees from post-secondary institutions to help generate revenue while offsetting the lack of funding support from the provincial government.

International students pursuing studies in Canada had a sharp increase from 2015 to 2019. College enrollments rose by 154% and university enrollments by 39.6%. In Ontario alone, the number of enrolled International students doubled during this period, growing from 96,492 in 2015-2016 to 192,206 in 2019-2020. This became an opportunity for the Canadian government to increase unregulated tuition fees that cause financial pressure on students, preventing them from fully engaging in and focusing on their studies. As the number of International students continues to rise, the lack of adequate support leaves them in vulnerable positions, often subject to xenophobic and discriminatory sentiments and precarious immigration status. For example, International students have even been turned away from food banks due to their visa status, and experienced the discriminatory sentiment that International students are being blamed for the housing crisis in their cities.



**Recently, the average cost of undergrad International tuition fees for university is \$45,242, approximately 466% more than domestic students in the province.**

Additionally, they are forced to take precarious work to help not only pay for these differential fees, but costly premiums for private college or university health insurance plans (CHIP or UHIP). In 2022, International students in this province contributed \$16.9 billion out of a total of \$30.9 billion to the country's GDP.<sup>10</sup>

The exploitation of International students is not only unsustainable but highly unethical. The conditions that International students go through manifest in a way where they live in deplorable housing and living conditions after they are notified what tuition fees will be the following year. On another note, the recent news created a panic surrounding the federal government's announcement to cut International student visas. This proposed policy misattributed the affordability crisis to International students, and wrongfully scapegoats International students for the failures of the federal and provincial governments.

The response to the announcement from institutions demonstrates how much institutional revenue relies on International students, in the absence of public funding. The provincial government should lobby the federal government to reverse this policy decision, but it must also grapple with the inequitable funding structure that it has created.

This funding structure is no longer acceptable. The Federation maintains that the provincial government must increase funding to post-secondary institutions in order to provide free education for all students. While recent submissions to the provincial government, such as the Blue Ribbon Panel consultation, suggest increasing tuition fees to account for the financial precarity that institutions face, the Federation insists that the only way to create sustainable institutions is to drastically increase public funding to institutions.

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10 Economic Impact of International Education in Canada — An Update of 2022 Impact, page 3.



## V. OHIP for All

### *Recommendation: Reinstating OHIP to International students.*

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International students not only have to pay high differential tuition fees, they also must pay a hefty premium for a private health insurance plan. Prior to 1994, all students who studied in Ontario were included in the Ontario Health Insurance Plan (OHIP), but International students were removed from the provincial health insurance coverage. This has left International students to pay for their own private care – for college students it is C-HIP and for university students, U-HIP. On top of what is already a very high tuition fee bill, the mandatory private health insurance plans can range somewhere between \$800 and \$2,600 per year, in which this coverage is not accepted at all healthcare facilities, often leaving International students having to pay out of pocket for vital care.

The common rhetoric that International students should not be getting OHIP because they do not pay taxes is simply untrue. In 2022, International students' annual spending contributed \$7.4 billion in tax revenue for the country.<sup>11</sup>

Ontario is one of the five jurisdictions who currently do not provide health care coverage for International students. **The provinces and territories who do offer it (but with sets of basic requirements) include: Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia and Saskatchewan.** The Ontario government needs to do better and match what the other 8 provinces and territories are offering to International students.

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11 Roslyn Kunin and Associates, Inc. "Economic Impact of International Education in Canada — An Update of 2022 Impact Final Report." November 30, 2023.

## Tax Revenue generated by International Student expenditures vs. International Student Health Coverage

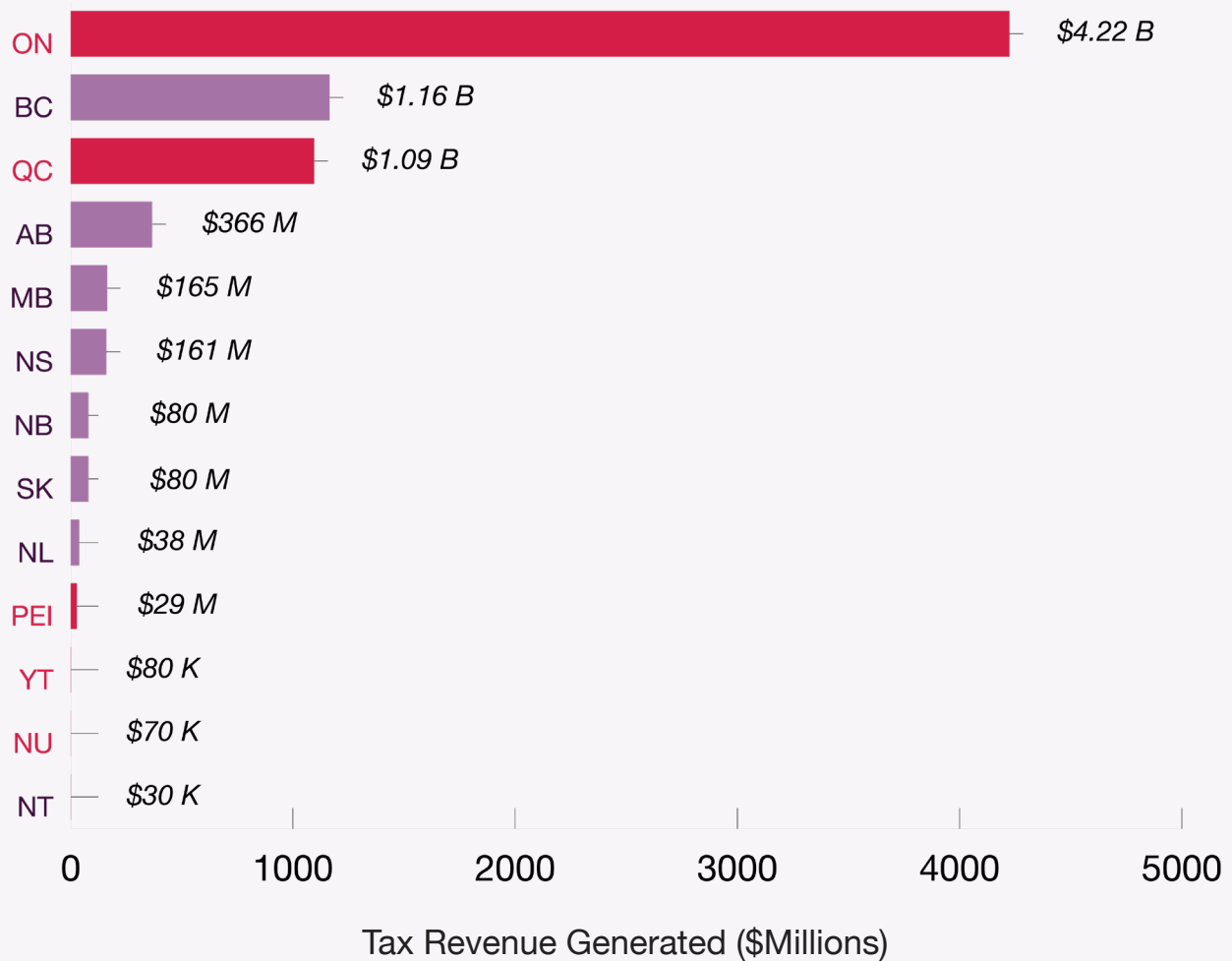


Figure 2: Ontario is one of 5 jurisdictions that don't provide health insurance for International Students (indicated in red), despite contributing to 57% of the federal tax revenue generated by International students. The provinces that do provide health coverage to International Students are Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia and Saskatchewan.

**Access to healthcare is a right and not a privilege.** Reinstating OHIP to International students should be a priority for the 2025 Ontario Budget.

## VI. Students' Right to Organize

*Recommendation: Legislate students' right to organize.*

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Student organizations have played a key role in the history of Ontario's post-secondary education sector and the development of the provinces' college and university system. Students' unions, associations, clubs and groups recognize gaps within the system and have developed democratic decision-making processes to inform their campaigns and services. **Many of the elements of Ontario's campuses, such as health and dental insurance, bus passes, equity centres and food support, which incoming students now expect and see as standard campus amenities, were developed and funded by student organizations through their membership fees.**

In recent years, students have experienced potential changes to how fees are collected for students' unions. This opened up a potential reality of how the Ontario post-secondary education sector would be affected if student organizations and their fees were deemed "optional". Students also have concerns about the attacks they have been experiencing while organizing for their communities both on and off campus. The Federation recommends that the Ontario legislature work to develop legislation to protect students' right to organize and protect the student fees that students' unions collect on behalf of their membership.

Students' unions have historic agreements with institutions' administration, whether it be through the *Ontario Colleges of Applied Arts and Technology Act* or the Memorandums of Understanding with each Ontario university. This structure outlines both the relationship between student representatives and the administration, but allows for more predictable student budgets. Students' unions are not just a student activity council, but represent students academically, and provide key services that benefit students.

Ontario students' unions offer a variety of services, such as equity services including food support centres, centres for survivors of sexual violence and pride and gender-empowerment centres. Services also expand to cross-campus bulk services such as health and dental insurance plans and student bus passes in which students' unions negotiate contracts with local municipalities or provide insurance for their membership that best fits their needs. **These strong student-run services are the most effective way to meet the membership needs but also benefit the total financial health of**

**the post-secondary education sector.** Without membership fees, students' unions would not be able to source and subsidize student services, which would result in the cost being downloaded to students individually (at a much higher price than what could be negotiated by the students' union) or would have to be financed by the administration. With legislation to protect students' unions' right to organize and protect its ability to democratically determine its student fees, institutions are able to ensure that students are not only receiving the representation they deserve, but also the important services that help students save money, and services run by their peers. Students' unions fill gaps on their campuses—legislation to protect their right to organize would ensure a sustainable funding future for the necessities that students rely on.

Ultimately, students' unions need legislative protections to ensure that when they are vocal and representing their membership and students' interests, they are not penalized with defunding through policies such as the unlawful *Student Choice Initiative* (SCI) or the withholding of membership fees by administrations that are used to oppress student voices and organizing efforts. Student fees are not what makes education expensive; it is the high tuition fees that students are expected to pay that makes post-secondary education inaccessible. Through students' unions and their organizing, students, administrators and the provincial government are able to debate and find solutions to issues within the post-secondary education sector. As such, legislation designed to protect students is vital to the health and success of the sector.

## VII. Conclusion

The province must invest in students. The high-cost of tuition fees has ballooned out of reach for many students, especially those accessing OSAP or the International students who are expected to pay unregulated fees to make up for the provincial funding shortfall. The future of post-secondary education in this province hangs in the balance as Ontario students pay some of the highest tuition fees in the country due to the lowest per student funding in Canada. Students ask for and need better and more support from the Ministry of Colleges and Universities. The improvements to post-secondary education funding, the reduction of tuition fees, the increase of OSAP grants rather than loans and the expansion of OSAP and access to OHIP for International students are crucial for the health and longevity of the post-secondary education sector. The provinces' colleges and universities are vital and the government must treat this with a sense of urgency. Without meaningful investments, students and the sector will continue to struggle to make ends meet, impacting the future of education for decades to come.





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