

# BUDGET SUBMISSION



*Public over Private; Public Funding for Public Education*



# Introduction

Ontario's public education system is in turmoil, with a lack of adequate public funding for basic institutional operating grants, a lack of support for students through the OSAP program, and with international students footing the bill for what is supposed to be Ontario's publicly funded colleges and universities. Ontario significantly falls behind the national average for per-student funding and the nature of students' campus experiences will be dramatically changed forever with the new ministerial directives and Minister's powers legislated through Bill 33.

As the province's oldest and largest provincial students' union, the Canadian Federation of Students-Ontario is participating in the 2026 pre-budget consultations to bring forth our insights and knowledge on the future of the sector. For decades, the Federation has been trusted by students to advocate on their behalf to their provincial government. Given that funding for the post-secondary education sector has chronically worsened, we believe that there is a necessity in making sustainable changes now to protect the long-term future of education. The 2026 budget serves as an opportunity to address the long-term systemic issues in post-secondary education and to meet the needs of struggling students. While not exhaustive, the Federation is recommending several investments for the Ontario budget process to ensure that students can build their future in the province and use their education to contribute to the future economy.

1

Provide adequate funding for Ontario's post-secondary education system to match the National average for education funding;

2

Maintain a tuition freeze on domestic students' tuition fees for the next Strategic Mandate Agreement cycle up to 2030;

3

Introduce a 2% cap on international student tuition fees;

4

Increase Northern Ontario funding grants to an annual contribution, index at 2% or to inflation, whichever is higher.



# Recommendations

## Recommendation 1: Provide adequate funding for Ontario's post-secondary education system to match the National average for education funding

Ontario ranks last for per-student funding in post-secondary education in Canada. Ontario has the most institutions and the majority of college and university students in the country, and Ontario has a strong Gross Domestic Product (GDP) and significant resources to ensure that students' education is properly funded. In 2022–2023, "Ontario had the lowest per FTE domestic student provincial funding for universities among all provinces, at \$10,246, which was \$6,511 below the national average of \$16,756."<sup>1</sup> Additionally, Ontario's colleges received funding below the national average at \$10,910, which was \$5,093 below the national average of \$16,002.<sup>2</sup> This lack of funding has had a negative impact on students, with an "estimated 28,178 Ontario students (full-time and part-time) currently enrolled in Ontario universities that are not funded by the province due to the provincial funding cap on domestic students."<sup>3</sup> The underfunding of Ontario's education system will continue to deteriorate if significant investments are not made in the 2026 Ontario Budget.

In the 2025 Ontario Budget, planned spending for the Ministry of Colleges, Universities, Research Excellence and Security (MCURES) was set to decrease from \$14.1 billion in 2024–2025 to \$12.8 billion in 2027–2028<sup>4</sup>, a planned budgetary cut while there have been numerous recommendations from the sector, including the government's own Blue Ribbon Panel, recommending necessary investments and increased public funding into post-secondary education in order to maintain the current level of academic quality. Although the 2025–2026, 2026–2027 MCURES spending will maintain 2024–2025 funding levels, the 2027–2028 budget spending plan would result in a funding shortfall of \$500 million, which means that the province would need to commit to additional funding or find efficiencies to maintain current service levels going forward. It is important to note that the budget spending remaining as planned does not address the systemic underfunding and lack of investment in the sector. In addition, if the expected budgetary decrease in 2027 is put into action, MCURES spending will be the slowest three-year growth rate since the 1992–1993 to 1995–1996 academic years.<sup>5</sup>

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1 Ava Rahbari et. al. *Ministry of Colleges, Universities, Research Excellence and Security, 2025 Spending Plan Review*. Financial Accountability Office of Ontario, 2025, pg 2.

2 *Ibid*, pg 2.

3 Council of Ontario Universities, *Funding Enrolment Growth to Support Ontario Students and Economic Growth*, December 2024, pg 3.

4 Ava Rahbari et. al. *Ministry of Colleges, Universities, Research Excellence and Security, 2025 Spending Plan Review*. Financial Accountability Office of Ontario, 2025, pg 1.

5 *Ibid*, pg 1.

The Ministry has a foreseeable challenge for the sector, with an expected incoming surge of domestic student enrolment, but without a plan to fund these incoming students, nor secure enough college or university spaces based on the demand. The Ministry of Finance has projected that Ontario's population will grow to 6.5 million by 2051, with the population of 18 to 24 year olds to grow by approximately 751,000 in the next 24 years.<sup>6</sup> With an increased interest in domestic student enrolment starting in 2026, there are not enough academic student spaces nor funding for these spaces to accommodate the incoming double cohort. This challenge is in addition to the 28,000 students currently not funded by the provincial government, but rather funded by their tuition dollars alone. The current funding plan for MCURES is not only unsustainable but irresponsible. According to the Higher Education Quality Council of Ontario (HEQCO), it is estimated that an additional 225,000 domestic PSE seats are needed by 2046.<sup>7</sup> By this estimation, Ontario's PSE enrolments are expected to grow by 45%, reaching 725,000 students by 2046. The last time Ontario experienced a double cohort was in 2003 and the province assured that post-secondary spaces would be available for students who were interested and qualified in pursuing post-secondary education. Accommodations of this nature require significant operating grants and substantial investments.

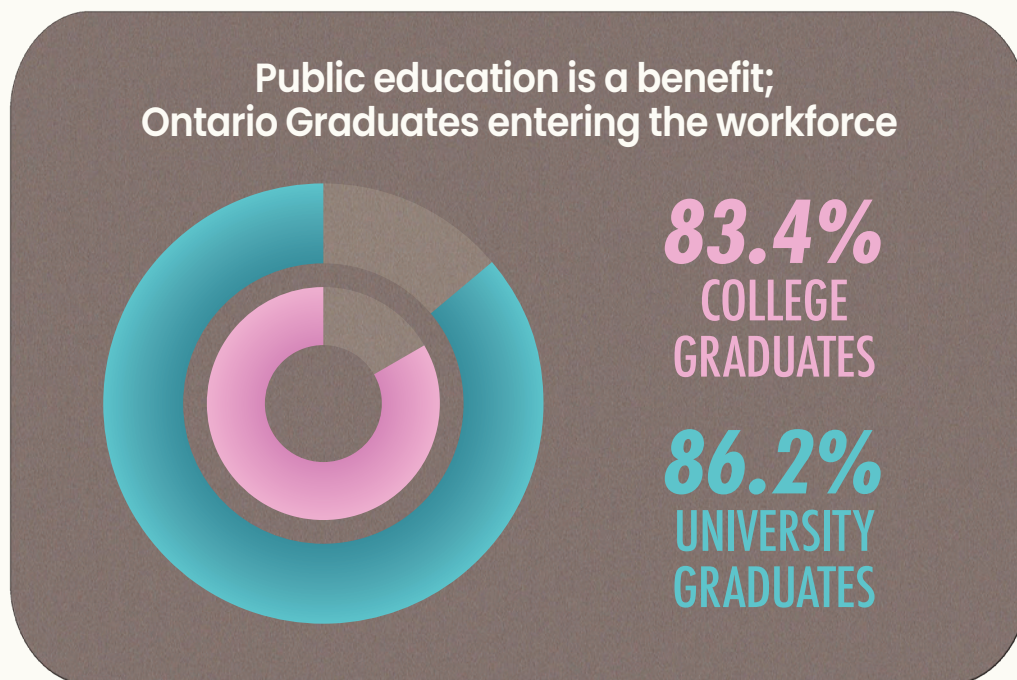


Figure 1: Employment rates for 2020 college and university graduates in Ontario, six months after graduation

<sup>6</sup> Lanthier, S., Button, A., & Kaufman, A. *Ontario's Domestic Postsecondary Enrolment: Examining Recent Trends to Inform Policy and Planning*. Higher Education Quality Council of Ontario, 2025 pg. 5.

<sup>7</sup> *Ibid*, pg. 5



It is vital that the Ontario government makes significant investments in the post-secondary education sector now in expectation of an increased interest in students wanting to attend Ontario's colleges or universities. The solution for the future of Ontario's education system is not to make the system more expensive and exclusive, nor to privatize the sector. The current public education system is effective at training students for the workforce, with 83.4% of college graduates in 2020–2021 were employed within six months of graduation<sup>8</sup> and students who graduated from universities in 2020 had employment rates of 86.2% six months after graduating and 94.3% after two years in the workforce.<sup>9</sup> Additionally, investments in Ontario's public education system have a direct impact on the province's GDP, with "economic activity from Ontario's universities accounts for nearly 12 percent of provincial GDP—roughly \$100 billion".<sup>10</sup>

The Federation is recommending that the 2026 Ontario Budget includes sufficient funding to make up for the shortfall of the 28,000 currently enrolled students that are not funded by the province through the FTE per-student funding model. Students also recommend that the 2026 Ontario budget also includes funding earmarked for operating grants for public institutions to ensure academic spaces are available for the future cohort of students. The Federation is recommending that the Ontario government make the necessary investments to ensure that Ontario's per-student funding matches the National average education funding model by the 2027 Ontario Budget.

## **Recommendation 2: Maintain a tuition freeze on domestic students' tuition fees for the next Strategic Mandate Agreement cycle up to 2030**

Tuition fees continue to be the largest barrier to accessing post-secondary education in Ontario. Ontario students pay some of the highest tuition fees in the country and are burdened with student debt upon completion of their studies. OSAP is available for domestic Ontario students to assist with the costs of their education, but the program falls short for many students, with many students not eligible for OSAP funding nor receive enough funding to help with their tuition and education costs. Student financial assistance has dramatically changed since 2018. During the 2018–2019 academic year, the average OSAP grant reached \$3,379<sup>11</sup> per domestic student, as part of the government policy to provide "free tuition" for students of mid to low income households. During that same year, the newly elected government announced a 10% reduction in tuition fees, paired with a \$670 million dollar cut to the

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8 Colleges Ontario. *2021–2022 Key Performance Indicators*. January 2023.

9 Council of Ontario Universities. *Graduate Survey: Skilled, Adaptable University Graduates Ready for the Workforce*. August 2024, pg. 4.

10 Kunal Chaudhary. "Ontario's Post-Secondary Education Crisis in Five Figures", *The Local*, September 9, 2025.

11 Salma Ahmed et. al. *Government Spending Trends: 1990 to 2023*. Financial Accountability Office of Ontario, 2025, pg 27.



OSAP program, reducing the average OSAP grant to \$1,125 per student<sup>12</sup> in the 2020–2021 academic year. In the 2023–2024 academic year, OSAP grant spending increased to an average of \$1,933 per student, largely due to the reduction of federal pandemic financial support.<sup>13</sup> With less OSAP grants and students becoming increasingly more dependent on student loans to pay for their education, student debt will continue to impact their financial future.

OSAP perpetuates cycles of debt, affecting students who take on student loans to pay for their education costs, which is approximately half of the student population, who come disproportionately from lower-income families.<sup>14</sup> Household student debt in Ontario increased by 22% from 2012 to 2019, making it the second-highest province with household student debt on a national level.<sup>15</sup> Additionally “of the \$16.9 billion in student loan debt owed by Ontarians in 2019, at least \$6.2 billion, or 36.7 per cent, was owned by households in the lowest wealth quintile with negative average net worth, meaning they had more debts than assets,<sup>16</sup> resulting in more student debt for households with less financial means to pay off such debt.

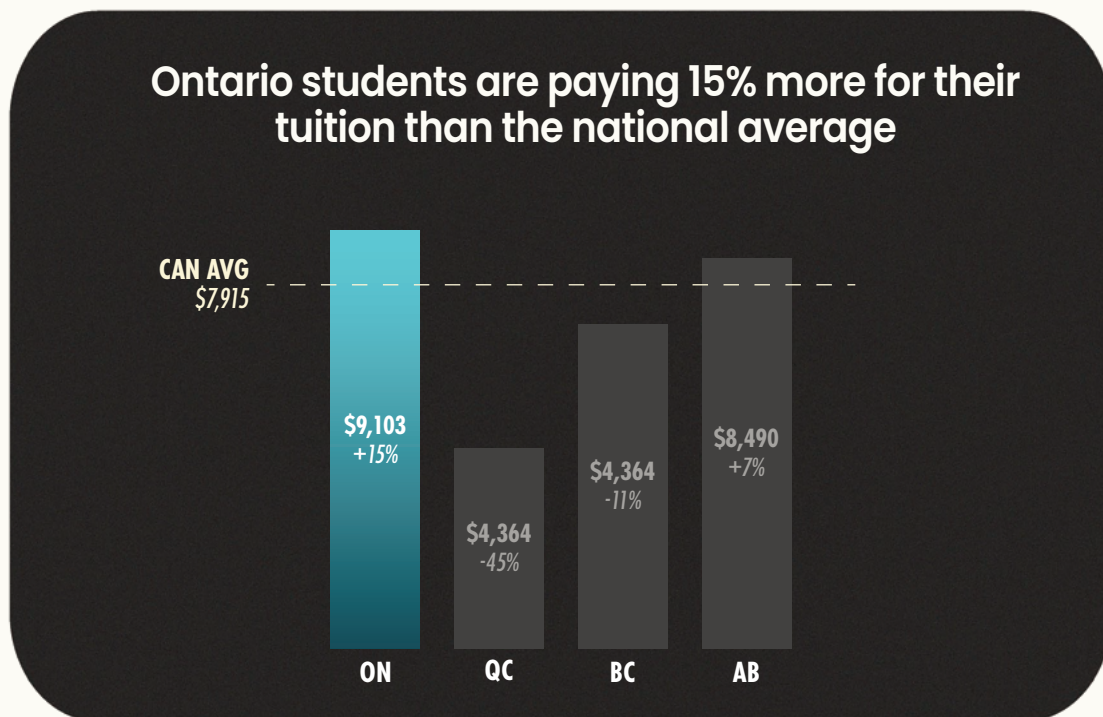


Figure 2: Interprovincial comparison of domestic tuition fees on the National average, according to the Financial Accountability Office of Ontario.

<sup>12</sup> *Ibid*, pg 27.

<sup>13</sup> *Ibid*, pg 27.

<sup>14</sup> Ryan Romard, Randy Robinson. *Back from the Brink: Restoring public funding to Ontario's Universities*. Canadian Centre for Policy Alternatives, November 2023, pg 39.

<sup>15</sup> Ryan Romard. *Student Debt is out of control in Canada*. Canadian Centre for Policy Alternatives, January 2023.

<sup>16</sup> Ryan Romard, Randy Robinson. *Back from the Brink: Restoring public funding to Ontario's Universities*. Canadian Centre for Policy Alternatives, November 2023, pg 41.



In the 2022–2023 academic year, Ontario students had the third highest average domestic tuition fees in the country at \$9,103, which was \$1,188 above the national average of \$7,915. Compared to other large provinces, Ontario’s full-time domestic tuition fees were higher than in Québec (\$4,364), British Columbia (\$7,065) and Alberta (\$8,490).<sup>17</sup> The Ontario government has consistently recognized that tuition fees are a barrier to accessing education, and introduced a tuition fee reduction and freeze in 2019 and maintained a tuition freeze ever since. However, this tuition fee reduction and freeze was not paired with public funding, perpetuating the chronic underfunding of Ontario’s post-secondary education sector.

Ontario students pay some of the highest tuition fees in the country and with domestic enrollment expected to increase, more students will be impacted by student debt, which can be mitigated by an extension of a tuition freeze with an increased investment of per-student funding. Due to the tuition freeze, Ontario no longer has the highest tuition fees in the country, which can be considered a move in the correct direction to help eliminate tuition fees for all students. With the next cycle of Strategic Mandate Agreements (SMA) set to be negotiated up to 2030, there is an opportunity for MCURES to extend the tuition freeze for the next SMA cycle. This freeze should be matched with provincial funding to ensure maintenance of the quality of Ontario’s college and university programs. A continued domestic tuition freeze is a framework to ensure that tuition fees are predictable, transparent and a plan towards a more accessible education system.

### **Recommendation 3: Introduce a 2% cap on international student tuition fees**

Over the past three years, there has been major reductions for international student visas issued by the Canadian government, ultimately reducing the number of international students studying in the country, including Ontario. Rather than addressing the root causes of the housing crisis, the Federal government placed the blame on international students, first announcing a reduction of international student visas in 2024. Since the initial announcement, the Federal government announced an additional reduction of student visas, from 485,000 permits in 2024 to 408,000 study permits in 2026.<sup>18</sup>

In order to make up for public funding shortfalls, Ontario’s colleges and universities have accessed international students’ tuition fees as a source of revenue for the sector. Average tuition fees for international students in Ontario is \$37,674,

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17 Ava Rahbari et. al. *Ministry of Colleges, Universities, Research Excellence and Security, 2025 Spending Plan Review*. Financial Accountability Office of Ontario, 2025, pg 14.

18 Maan Alhmidi, “Future uncertain for Ontario college students as federal policy brings cuts, layoffs”, The Canadian Press, December 26, 2025, <https://globalnews.ca/news/11591241/ontario-colleges-federal-policy/>.



approximately 466% more than domestic students in the same province.<sup>19</sup> This trend is not unique to Ontario and the National average estimates that “[...] international students’ undergraduate fees are expected to rise by an average of 2.5% to \$41,746 per year, while their graduate fees should increase by 1.5% on average to \$24,028”.<sup>20</sup> Although this is a federal issue, students are feeling the impacts locally. Several Ontario colleges announced deficits, program and campus closures including Conestoga College<sup>21</sup>, Cambrian College<sup>22</sup>, Seneca College<sup>23</sup> and George Brown Polytechnic<sup>24</sup>, all citing a decline of international student enrollment as the cause of revenue loss and program closures and layoffs. These program closures not only impact international students, but also domestic students whose courses, programs or campuses have been cut or closed due to the drop in international student enrollment and their subsequent tuition fees. Students see this issue for what it is; the core issue is the lack of operating funding for Ontario’s public colleges and universities.

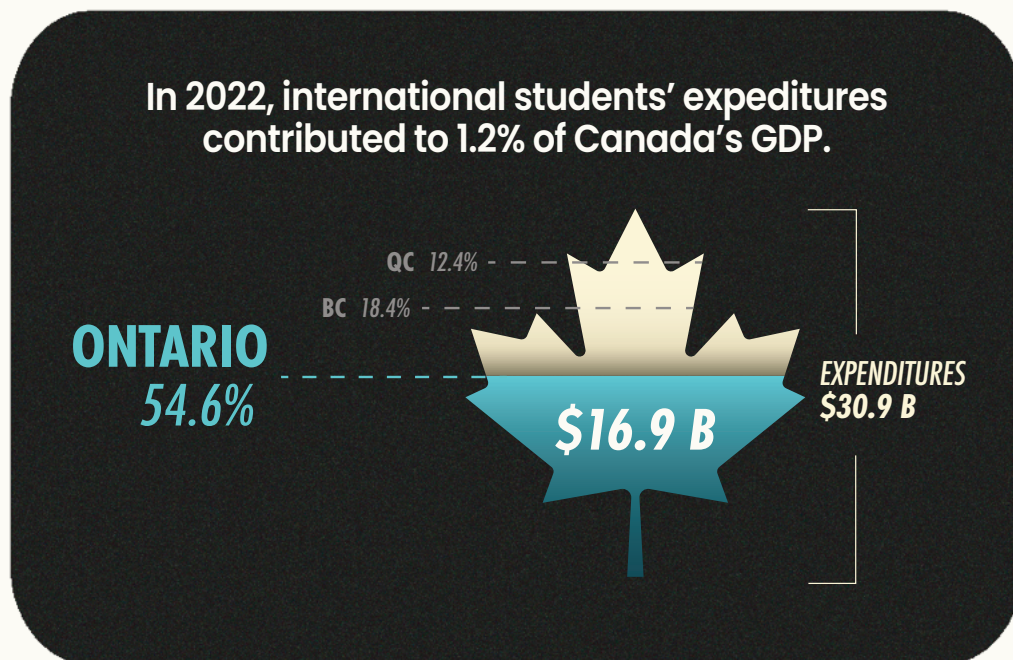


Figure 3: Ontario international students’ expenditures contributed to Canada’s GDP in comparison to international students in Québec and British Columbia, 2022.

19 Statistics Canada. *Canadian and International Tuition Fees by Level of Study*. September 3, 2023.

20 Statistics Canada. *Tuition in Canada: Modest Increases and Widening Gaps, 2025/2026*. Ottawa: Statistics Canada, 2025.

21 Justin Koehler, “Closures, consolidations on the way for two Conestoga campuses”, CityNews Kitchener, April 17, 2025, <https://kitchener.citynews.ca/2025/04/17/closures-consolidations-on-the-way-for-two-conestoga-campuses/>.

22 Heidi Ulrichsen, “Cambrian suspends six more programs amid drop in international students”, Sudbury.com, November 2025, <https://www.sudbury.com/local-news/cambrian-suspends-six-more-programs-amid-drop-in-international-students-11454867>.

23 CBC News, “Seneca Polytechnic to close Markham campus citing ‘dramatic drop’ in number of international students”, CBC News, October 26, 2024, <https://www.cbc.ca/news/canada/toronto/seneca-closure-1.7364762>.

24 Maan Alhmidi, “Future uncertain for Ontario college students as federal policy brings cuts, layoffs”, The Canadian Press, December 26, 2025, <https://globalnews.ca/news/11591241/ontario-colleges-federal-policy/>.

The solution to these program closures, institutional deficits and underfunding of public colleges and universities is not to continue to view international students' tuition fees as an unlimited revenue source, but rather to publicly fund post-secondary education. Utilizing international students' tuition fees as a revenue source was a band-aid solution to the funding crisis, and led to colleges and universities to exploit international students. Ontario needs international students but not solely for their tuition fees but to strengthen the economy. It was reported in 2022, that international students in this province contributed \$16.9 billion of \$30.9 billion to the country's GDP.<sup>25</sup> The amount of money spent by international students created 361,230 job opportunities for everyone.<sup>26</sup> A cap on international tuition fees ensures that tuition fees are predictable for students but also is a safeguard against colleges and universities utilizing international students as an unlimited revenue stream without checks and balances.

#### **Recommendation 4: Increase Northern Ontario funding grants to an annual contribution, index at 2% or to inflation, whichever is higher**

Ontario's Northland has an opportunity to provide sustainable and accessible education in local communities that benefit the people but also their local economy. Education funding however, is sparse and inconsistent across the region and varies significantly from their counterparts in Southern Ontario. Institutions such as Nipissing University are dependent on domestic tuition fees and government grants for its operating revenue, while another Northern institution, Algoma University, heavily relies on international students' tuition fees to maintain its budget.<sup>27</sup> These institutions are vital to the region and important for Ontario's economy. The financial stability of these institutions is also important for the local economy, with a notable example of Laurentian filing for insolvency in 2021, and the direct loss of wages ran into the tens of millions, with the combined impact on the City of Sudbury amounting to an estimated \$100 million loss to the local GDP.<sup>28</sup> These economic impacts are still being felt today in Greater Sudbury.

Northern Ontario schools serve as an important infrastructure and play a significant role in supporting Francophone and bilingual students. Despite a one-time funding announcement of 11.3 million<sup>29</sup>, there have been evident cuts of undergraduate programs, of which half are offered in French. This results in French courses and programs being cut as well as hundreds of post-secondary jobs being cut, at the expense of students and their education. With the provincial government's treatment

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

26 *Ibid*

27 Office of the Auditor General of Ontario. "Value-for-Money Audit: Financial Management in Ontario Universities, November 2022, pg. 2, 4.

28 Kunal Chaudhary. "Ontario's Post-Secondary Education Crisis in Five Figures", The Local, September 9, 2025.

29 Government of Ontario. *Expenditure Estimates for the Ministry of Francophone Affairs (2025–26)*, Ontario, 2025.



of the French language education as a minority, it raises the question of how Franco-Ontarians's future in education is being considered by the government.

Colleges and universities in the region are vital to the local economy. According to the Conference Board of Canada, regional economic development significantly benefitted from university spending, with Northern Ontario's universities contributing to the province's GDP, with 1.4 billion from spending from Northern university activities; and 1.3 billion from human capital development.<sup>30</sup> Local institutions are job-creators, with Northern colleges and universities supporting job activities such as 2,151 jobs in North Bay, 1,531 jobs in Sault Ste. Marie, 5,186 jobs in Thunder Bay and 6,815 jobs at Laurentian University, (prior to the Companies Creditors Arrangement Act (CCAA) process and institution's insolvency). These institutions are important employers for many people in their communities and provide educational opportunities to youth and students without the need to relocate to Southern Ontario. When students study in Northern Ontario, they are more likely to remain in the region.

Annually, the Ontario budget provides grant funding for small, Northern, and rural colleges and universities, with the 2025–2026 funding set at \$10 million<sup>31</sup> to support institutions. However, this annual grant is not enough to make up for funding shortfalls for Northern, small and rural institutions, especially with this grant intended to be distributed between Northern and Southern Ontario small and rural campuses. It cannot be a decision split between regions, but a grant substantial enough to cover the current funding shortfalls and to meet the needs of the institutions eligible for this additional funding. Students are asking the government to invest in post-secondary for small, rural and Northern Ontario's colleges and universities by increasing its annual contribution funding grants, indexed at 2% or to inflation, whichever is higher. This is a path forward to ensure that students can receive high-quality post-secondary education province wide.



30 Conference Board of Canada. *How Ontario Universities Benefit Regional Economies: Assessing the Regional Economic Impacts of Universities in Ontario*. Ottawa: The Conference Board of Canada, 2021.

31 Ministry of Finance, *2025 Ontario Budget: A Plan to Protect Ontario*, Budget Papers, 2025, pg. 69.

# *Conclusion*

Students in the province need to see key investments in their education sector to continue to have faith in the quality of education that is offered by Ontario's colleges and universities. The public post-secondary education system is on the brink of privatization, and students do not accept this privatization as a legitimate path forward for their education. With an expected domestic student enrollment increase, it is crucial for colleges and universities to secure the funding they need to ensure sufficient support and educational opportunities for the next cohort of Ontario's students. Investments in education are necessary to ensure that colleges and universities can continue to operate as public institutions throughout the province.

Students demand key investments in Ontario's post-secondary education sector, such as increasing FTE per-student funding to ensure Ontario meets at least the national average in post-secondary funding. Students also want the continuation of a domestic tuition fee freeze and a 2% cap on international students' tuition fees, matched with dedicated funding for the sector to ensure transparency, predictability and longevity. There is a real opportunity for the Ontario government to invest in public post-secondary education now to ensure that the next cohort of students experience better learning conditions and a more sustainable system than their predecessors.





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