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As the province continues to navigate through economic uncertainty, now is the time to work together to build an even stronger Ontario.

Ontario’s universities – key drivers of growth, performance, prosperity and competitiveness – have a vital role to play in fortifying our province and helping address the urgent needs of Ontario.

Universities will continue to transform and remain fiscally responsible as they work to empower and support students, families and communities, while driving the innovation that helps create jobs and bring made-in-Ontario solutions to market.

As the government’s Blue-Ribbon Panel and its review of the financial sustainability of the postsecondary sector comes at a critical juncture, this report details how government, business, community partners and universities must work together to ensure universities have the resources they need to continue support students, lead innovation and drive economic growth for the benefit of Ontario.
The Plan for Prosperity includes three key pillars:

### Supporting student success
Student success is at the very core of Ontario’s universities’ mission. To help ensure every willing and qualified student can access university and succeed while there, universities are investing nearly $1.3 billion in student financial support and more than $1.4 billion in student services, such as mental health.

These investments are delivering impressive results. According to a 2021-22 Ministry of Colleges and Universities’ survey, university students who graduated in 2019, and entered the workforce during the pandemic, had a high employment rate of 90.4 per cent six months after graduation, increasing to 94.3 per cent two years after graduation. Almost 90 per cent of graduates who were employed full-time considered their work closely or somewhat related to the skills they developed at university.

However, the real value of provincial operating grants per student declined 31 per cent between 2006-07 and 2021-22. Currently, provincial operating grants represent about 30 per cent of total university operating revenue. In addition, COU estimates that there were more than 21,000 Ontario students in Ontario universities who were not funded through provincial operating grants in 2021-22. Growing demand by highly qualified Ontario students to study in the province has led to the growth in the number of these unfunded students.

### Driving a competitive economy
Ontario’s universities are, by any measure, major economic drivers across the province. To help meet labour market demands, universities continue to transform course delivery, as well as expand micro-credential programming to reskill and upskill Ontario’s workforce. Since 2010, universities increased enrolment in STEM programs by 68 per cent and health programs by 38 per cent, while establishing more than 660 agreements with industry associations to support programs to upskill and reskill mid-career workers.

Enrolment at Ontario’s universities is only expected to grow. The Ministry of Finance’s population projections indicate that the number of citizens and permanent residents aged 18 to 24 in Ontario will grow by 7.8 per cent over the next 10 years.

In particular, as both the provincial and federal governments set ambitious immigration targets, a growing number of new Ontarians will need access to degree programs, micro-credentials and continuing education courses. Creating capacity to accommodate increased enrolment requires planning and preparation now.

In addition, universities play a critical role in conducting ground-breaking research, commercializing new ideas and creating jobs to propel economic growth in communities throughout Ontario. These critical investments are attracting international talent and investment. Universities remain committed to graduating the highly skilled talent and driving the ground-breaking innovation that fuels economic development across Ontario’s communities and on the global stage.

On average, Ontarians think 55% of a university’s budget should be publicly funded by government, according to a 2023 poll conducted by Ipsos. Currently, real provincial operating grants per full-time student represent 30% of total university operating revenue.

Universities will need additional resources to continue to graduate students that are job-ready, adaptable and resilient.
Transforming for the future: In order to support students in an enriching learning environment so they can lead innovation and drive economic development, Ontario’s universities remain committed to continued innovation, transformation and adaptation.

To do so, universities continue to adhere to strong fiscal management, transparency, accountability and stewardship of the resources they receive, while transforming and adapting to meet ever-changing labour market and student needs.

As such, the sector has proactively developed the Financial Health and Transparency Framework Plan, which outlines how universities are monitoring their financial position and ensuring action is taken. Universities are working in collaboration with the Ministry of Colleges and Universities on the implementation of a final Framework. In addition, universities continue to adhere to leading practices in university board governance to ensure strong financial oversight and open and transparent decision-making.

This commitment to sound financial practices is yielding tangible results. For example, salary and benefit costs per full-time equivalent (FTE) student at Ontario universities ($15,256) are tied for the second lowest in Canada – well behind typical comparators to Ontario, such as Quebec ($16,045), Saskatchewan ($17,652) and British Columbia ($19,628).

Compared to other provinces, Ontario receives the lowest per-FTE operating grant funding for universities, with Ontario at $8,647 and a Canadian average of $12,215 in 2020-21. Recent provincial budgets across Canada have significantly increased operating funding for universities, while all Canadian provinces except Ontario have allowed for tuition increases.

To ensure Ontario’s universities can continue to transform to meet labour market needs and drive innovation, they require investment and the flexibility to increase their revenue sources, which will translate into economic prosperity for students, communities and the province.

### Recommendations

To continue to sustain current capacity and support students, enrolment growth and research and innovation, Ontario’s universities recommend the government:

1. **Increase Operating Funding:** A one-time increase to base funding to reduce the decline in real per-student grants; ongoing annual percentage-based increases in base funding to reflect the higher costs of meeting student needs; and full funding for enrolment expansion to develop the talent Ontario’s economy needs.

2. **Provide Multi-Year Tuition Flexibility**
   Allow multi-year tuition flexibility, including corresponding increases to Tuition Set-Aside and Student Access Guarantee (SAG) to help support low- and middle-income students, that provides predictable and necessary revenues to ensure universities can deliver on their mandates to develop highly skilled talent, foster research and innovation, and support local economic development.

Ensuring the financial sustainability of Ontario’s universities will assure they can continue to support their students, graduate highly skilled talent and drive ground-breaking innovation that meets labour market demands, grows the economy and keeps Ontario competitive.

**A strong, publicly-assisted postsecondary education ecosystem is critical to meeting the needs of students, fostering community economic growth, driving research and innovation and developing the highly skilled talent critical to Ontario’s economy.**

By working in partnership with government and across stakeholders, Ontario’s postsecondary institutions can continue to address priorities critical to Ontario’s economic growth, both now and in the future, creating a more prosperous future for our students, communities and the province.
Introduction

As the province continues to face rapid change, universities are critical in helping navigate this change and solving some of the most pressing challenges facing our society today.

Ontario’s universities are working in partnership with government, businesses and stakeholders to help the province meet labour market demands, rebuild its health-care system and drive the research and innovation that results in job creation and economic growth.

It is why Ontario has a reputation for high-quality publicly-assisted universities that compete on the world stage.

Universities provide comprehensive student supports that demonstrate a commitment to student success, high-quality programs that respond to ever-changing labour market needs, and innovative research that advances emerging industries. Their contributions mean that the sustainability of the sector is vital to meeting the needs of Ontarians and the province as a whole.

Ontario’s publicly-assisted postsecondary sector is one that instills pride in Ontarians and attracts highly skilled talent and investment from across the globe.

According to a 2023 poll conducted by Ipsos, 76% of Ontarians are proud of our publicly assisted university system in Ontario.

Universities remain committed to continued innovation, transformation and adaptation in order to support students in an enriching learning environment, so they can lead innovation and drive economic development.

To do so, universities continue to adhere to strong fiscal management, transparency, accountability and stewardship of the resources they receive.

- Universities proactively developed and remain accountable under, a Financial Health and Transparency Framework Plan to provide ongoing monitoring of universities’ financial positions and ensure action is taken, where appropriate, and are working with the Ministry on implementation of a final Framework.
- Universities continue to adhere to leading practices in university board governance to ensure strong financial oversight and open and transparent decision-making, illustrating that universities and their boards are taking their fiduciary responsibilities seriously.
- Universities remain accountable to the province through their Strategic Mandate Agreements and performance-based funding, and will continue to collaborate with the province on how best to achieve enhanced outcomes.

Ontario’s universities and the programs they offer are integral to meeting the needs of students and communities, and as such, the province has a vested interest in ensuring their continued maintenance, growth and sustainability.

However, universities continue to face significant financial pressures and require more resources to remain vital partners to Ontario’s prosperity.
It is why, in order to fully unleash their potential, Ontario’s universities require a long-term financial framework that includes government investment and the flexibility to increase their revenue sources.

Investing in Ontario’s university sector is an investment in student success and Ontario’s prosperity – an investment that will ensure Ontario has the talent to meet labour market demands and fill job shortages, and the innovation to fuel economic growth.

A strong majority (73%) of Ontarians support publicly assisted universities receiving additional funding from government, even if it means a modest short-term increase in the provincial deficit, a reduction of spending elsewhere or a slight tax increase, according to a 2023 poll conducted by Ipsos.

Ontario’s universities welcome the opportunity to work with the government’s Blue-Ribbon Panel, as its review of the financial sustainability of the postsecondary sector comes at a critical juncture. We will continue to work with government and stakeholders to ensure our province’s postsecondary sector remains strong and vibrant.

By working together, we can ensure Ontario’s publicly assisted postsecondary institutions continue to be well-poised to support student access and experience, develop a highly skilled workforce and promote economic growth and innovation throughout Ontario.

**Recommendations**

To continue to sustain current capacity and support students, enrolment growth and research and innovation, Ontario’s universities recommend the government:

1. **Increased Operating Funding:** A one-time increase to base funding to reduce the decline in real per-student grants; ongoing annual percentage-based increases in base funding to reflect the higher costs of meeting student needs; and full funding for enrolment expansion to develop the talent Ontario’s economy needs.

2. **Provide Multi-Year Tuition Flexibility:** Multi-year tuition flexibility, including corresponding increases to Tuition Set-Aside and Student Access Guarantee to help support low- and middle-income students, that provides predictable and necessary revenues to ensure universities can deliver on their mandates to develop highly skilled talent, foster research and innovation, and support local economic development.
Supporting Student Success

Student success is at the very core of Ontario’s universities’ mission and that which fuels postsecondary education.

Students succeed when universities devote their energies to continuously improving student experiences, both in and out of the classroom, and through efforts that begin before students arrive and continue long after graduation.

By working to improve access to university in the face of growing student demand for university programs, while also providing students with the ever-changing supports they need while on campus, Ontario’s universities are steadfast in their commitment to student success at university and beyond. A financially sustainable sector will ensure more students can access the type of opportunities offered by postsecondary institutions, achieving success throughout their time on campus and beyond.

Ensuring Access and Supporting Increased Student Demand

Access to postsecondary education is a transformative opportunity. Simply put: a high-quality postsecondary education is a significant step to well-paying jobs and resilient careers.

According to a 2023 poll conducted by Ipsos, 90% of Ontarians agree that they want (or would want) their child to attend university.

Results show that every willing and qualified Ontario student should have access to a high-quality postsecondary education and an enriching postsecondary experience that will help them succeed.

Ontario’s universities are working to provide this access to a growing number of students by:

- Providing nearly $1.3 billion in student financial assistance in 2021-22, including through scholarships, bursaries and grants.
- Supporting more than 21,000 full-time Ontario students (with a value of $176.5 million) who are not funded by provincial operating grants due to a cap on enrolment.

These contributions exceed the total OSAP funding provided to students across the entire spectrum of postsecondary education, including universities, colleges and private career colleges, which amounted to $954 million in 2021-22.

Ensuring Ontario’s universities have the capacity to accommodate increased student enrolment requires planning and preparation now. Universities will continue to work with government to support growing student interest and demand.

From the Ontario Universities’ Application Centre indicates that applications from Ontario schools increased by more than 11 per cent between 2021 and 2023.

Furthermore, the Ministry of Finance’s population projections indicate that the number of citizens and permanent residents aged 18 to 24 in Ontario will grow by 7.8 per cent, or more than 87,653 individuals, over the next 10 years.

As universities face growing financial constraints, more and more students are applying to university because of strong job prospects. The latest applications data
Providing Wraparound Student Supports

In today’s rapidly changing world, and as the needs of students continue to evolve, student success at university depends, in part, on access to effective services that can support and guide them in the pursuit of their educational goals.

While on our campuses, universities strive to ensure students are having the best experience possible by providing domestic and international students with wraparound supports, including for mental health and career counselling.

These supports are helping equip students with tools that foster resiliency, preparing them for a rapidly changing world throughout university and beyond.

To help better connect students with the resources they need, Ontario’s universities are spending more than $1.4 billion on student services, such as student health and mental health, career guidance and placement and athletics – an increase of almost 22 per cent over the past five years.

In addition, Ontario’s universities continue to work to ensure students have access to places to live close to campus. When students live near where they study and work, they have greater access to local businesses, community events and engagements, as well as co-op and work opportunities – key components in building strong communities and supporting local economies.

Ontario’s universities remain committed to partnering with the province, municipalities and community partners to expand opportunities to develop purpose-built housing.

For example, According to a 2022 housing survey of 16 Ontario universities conducted by the Council of Ontario Universities:

• There are currently more than 59,600 total residence spaces.

• More than 6,400 new residence spaces have been added over the past five years – a 10 per cent increase – and it is projected that more than 9,000 new spaces will be added over the next five years.

Universities will continue to provide students with access to the resources and supports they need to be successful throughout their studies and after they graduate.

Ensuring Student Success Beyond Postsecondary

Ensuring access to a university education and providing key supports for students has been fundamental to helping university graduates experience success as they enter the workforce and throughout their careers.

In fact, evidence indicates that our graduates experience high employment rates and build resiliency, even throughout economic downturns:

• According to a 2021-22 Ministry of Colleges and Universities’ survey, university students that graduated in 2019, and entered the workforce during the pandemic, had a high employment rate of 90.4 per cent six months after graduation, increasing to 94.3 per cent two years after graduation.

• In addition, the survey indicates that almost 90 per cent of graduates with full-time employment worked in jobs that were either closely or somewhat related to the skills they developed at university.

• During the last four economic recessions, Canadians with a bachelor’s degree or higher were less than half as likely to experience job loss, according to Statistics Canada.

However, an enriching university experience provides graduates with more than economic success. It integrates academics as well as social and cultural supports – including those that enable students to forge new friendships and relationships, develop personal accountability and become well-rounded global citizens.

An investment in Ontario’s postsecondary institutions means enhanced student success, helping to ensure improved access to a higher education and the necessary on-campus resources for students.
Driving a Competitive Economy

Ontario’s universities are major economic drivers across the province. By employing hundreds of thousands of Ontarians, purchasing goods and services and partnering with industry to help address urgent community needs, universities are economic anchors in their communities.

For example:

- In 2020, Ontario universities collectively employed more than 138,600 Ontarians and purchased approximately $5 billion in goods and services.

- Spending activities from institutions, students, visitors and alumni have resulted in 487,639 jobs impacted by universities’ spending activities and $45 billion to the GDP in 2020.

It is imperative that Ontario’s universities are financially sustainable to ensure they can continue to graduate the highly skilled talent and drive the ground-breaking innovation that meets labour market demands, grows the economy and keeps Ontario competitive.

Meeting Labour Market Demand

Together, universities, colleges, labour training facilities and Indigenous Institutes all have a role to play in ensuring Ontario has a workforce with a diverse set of skills to respond to the full spectrum of labour market needs – from skilled trades and apprenticeships to high-demand fields, such as STEM and health care.

Ontario is facing severe labour shortages that are only expected to grow. A report by Stokes Economics found that Ontario will need more than 950,000 skilled trade and apprenticeship jobs, and a total of 928,700 jobs that require a university education. In addition, there are currently 350,000 unfilled jobs in Ontario, according to the Ministry of Labour, Immigration, Training and Skills Development.

Leveraging the strengths of the entire postsecondary education sector is critical to meeting these labour market needs. Building on the respective strengths of universities, colleges, labour training facilities and Indigenous Institutes will help ensure all players are delivering on their mandates.

Stokes Economics found that, by 2030, Ontario will need more than 233,000 jobs in STEM that require a university degree, and nearly 148,000 jobs in health care.

To help address this demand, universities have increased enrolment in STEM by just over 68 per cent and nearly 38 per cent in health programs since 2010.

Furthermore, new technologies, markets and industries are rapidly emerging, many of which will require highly skilled and specialized talent.

80% of Ontarians agree that Ontario’s universities produce the talent needed in the province to help build a prosperous Ontario, according to a 2023 poll conducted by Ipsos.

Ontario is already seeing the emergence of these new industries – from advanced manufacturing and construction to life sciences and critical minerals. The electric vehicle supply chain, for example, is one that is rapidly evolving. With governments setting ambitious targets for zero-emission vehicles, we will need the next generation of innovative employers, creative entrepreneurs and nimble employees who will help advance this critical industry and others.

“To reach those [zero-emission vehicles] goals, the government will need a vast network of researchers, engineers and technicians, all with the flexibility and ambition to undertake this work. They're going to need students.”

– Canada will need students’ help to reach its aggressive EV targets, Emily Baron Cadloff, Corporate Knights, May 2023
As new industries emerge and more and more jobs change and become automated, Ontario’s universities will continue to respond to these evolving needs, delivering highly skilled talent that is equipped to adapt and face these challenges head on.

**Promoting Innovation and Economic Prosperity**

Ontario’s universities are one of our province’s greatest sources of talent, entrepreneurship and research – three key ingredients that in combination fuel prosperity in and around the regions that surround those universities.

The research, innovation and intellectual property generated on university campuses attracts investment to Ontario from across the globe, drives economic development and propels high-demand sectors forward, such as life sciences, electric vehicles, health care, advanced manufacturing and critical minerals.

While research and innovation is critical for Ontario’s prosperity, provincial support for university research programs declined in real terms by 52% between 2010–11 and 2021–22. In fact, when compared to other provinces in 2020–21, Ontario’s share of total research funding from provincial sources was seven per cent compared to 16 per cent in Alberta and 22 per cent in Quebec.

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Supporting Critical Industries Across the Province

**LIFE SCIENCES**

Soybeans are an extremely valuable export, generating $2.6 billion for Canada in 2019 – and Ontario is leading the nation in production, representing more than half of all Canadian soybean acreage in 2021. Researchers at the University of Guelph are supporting Ontario’s leadership in soybean production with the development of more than 80 soybean varieties with superior genetics, which generated $130 million in sales in 2019.

Supported by a $100M gift from Gerald Schwartz and Heather Reisman, the University of Toronto has launched a development project that will enhance Toronto’s capacity in AI and life sciences. The Schwartz-Reisman Innovation Centre (SRIC) will be the new home of the Vector Institute, a world leader in AI, which has catalyzed the growth of Ontario’s and Canada’s AI companies since it was established in 2017, through the Pan-Canadian Artificial Intelligence Strategy. Over the last three years, the Vector Institute reports that Ontario’s AI ecosystem has created ~82,000 jobs, produced over 160 patents, and attracted more than 164 companies.

Improving efficiency in healthcare is one way Ontario can expand the capacity of the sector to meet the needs of a growing population. Researchers at the University of Ottawa and The Ottawa Hospital are making advancements in this area with CANImmunizes, the world’s first digital immunization app, which allows patients and health care providers to efficiently and conveniently review and monitor vaccination records.

Canada ranks fourth in the world for number of clinical trial sites, and in the wake of the COVID-19 pandemic it is essential that Ontario develop the highly-skilled workforce needed to support this growing field. York University’s Certificate in Clinical Research provides students with up-to-date knowledge of the field, developing the critical skills needed to deliver ground-breaking innovations in clinical research.

Developing effective and efficient methods of evaluation for those with brain injuries, dementia and cognitive impairments is critical to improving health outcomes and quality of life for patients. Researchers at McMaster University are driving innovation in the field with the Cognitive Health Assessment Management Platform, which tracks brain activity through a series of neuropsychological tests to help clinicians evaluate cognitive health and functions, improving diagnostic capabilities.
CRITICAL MINERALS

Resource exploration and extraction is an extremely complex practice, requiring highly-skilled engineers to ensure projects are carried out effectively and with appropriate consideration for health, safety and sustainability. Laurentian University is providing students with the skills they need to drive innovation and growth in the critical minerals sector through their Mining Engineering program, which includes opportunities for in-class and hands-on co-operative learning.

Lakehead University’s Centre of Excellence for Sustainable Mining and Exploration leads sustainable practices in critical rare mineral mining in Ontario’s Ring of Fire. With cross-disciplinary experts from 16 departments, and partnerships with local communities, the center examines the environmental, social, and economic impacts of resource development. The university develops innovative technologies for eco-friendly mining, prepares students for the industry, and prioritizes collaboration with First Nations and Métis groups. By integrating innovation, research and partnerships, Lakehead University is shaping a responsible and sustainable future for critical rare mineral mining in the region.

Mining is an ecologically taxing process which draws on highly skilled experts with a range of specializations including engineering, geology and ethics, among others. Nipissing University’s Environmental Management program provides students with a strong background on best practices which can be applied to mining and other environmentally sensitive fields, with courses ranging from natural resource management, impact assessments, and indigenous relations.

Mitigating the environmental impacts of mining is an important consideration in the sector, particularly as the impacts of climate change become increasingly apparent around the world. Researchers at Trent University’s PowerGeolab are leading the industry in developing innovative practices such as a new method which uses mine waste and tailings to sequester CO₂, simultaneously mitigating the direct impacts of mining activities and removing greenhouse gases from our atmosphere.

Critical minerals are playing an increasingly crucial role in the modern world, providing essential components for many of the consumer electronics which have become integrated in our day-to-day lives. Researchers at Western University are taking the search for these precious resources to new lengths, providing their expertise to support the Khepri Asteroid Mining Mission, which seeks to explore the potential for space resource utilization.
ELECTRIC VEHICLES

Through an experiential learning opportunity in partnership with Ontario’s Ministry of Transportation (MTO), students at Brock University researched and presented policy solutions to address a series of challenges facing MTO. One example of the topics that groups were tasked with was EV policy, speed and road safety, helping students gain valuable hands-on experience as they tackle some of Ontario’s most complex EV challenges.

Transitioning to a green economy requires highly-skilled engineering talent to design new technologies in energy production and transmission. Through undergraduate programs in sustainable energy, Carleton University is providing students the opportunity to explore a range of cleantech applications, such as smart technologies for power generation and distribution, providing a strong foundation for understanding the challenges and opportunities of wide-spread EV use.

Developing an end-to-end EV manufacturing ecosystem will help Ontario foster a globally competitive EV market. Through Ontario Tech University’s Automotive Centre of Excellence, researchers and students partnered with Canada’s Automotive Parts Manufacturers’ Association to build all components of Project Arrow – the first Canadian-made zero-emissions vehicle.

The global aviation industry produces three per cent of the world’s carbon emissions and must overcome a variety of challenges to meet its net zero target by 2050. University of Waterloo’s Institute for Sustainable Aeronautics (WISA) is finding new technologies and strategies to make aviation sustainable. An example is WISA’S Pipistrel project, an e-plane for flight schools which will result in a 1,000-tonne reduction in carbon emissions over 20 years.

Many end-of-life EV batteries still have up to 70 per cent of their capacity left when they end up at recycling facilities. Researchers at the University of Windsor are partnering with industry to find new ways of repurposing these batteries for use in home electrification, e-bikes and microgrids as another route to battery disposal that could offer cost-effective solutions to EV adaptation.
Concrete accounts for almost 10 per cent of global carbon-dioxide emissions. Researchers at Queen’s University, in collaboration with the University of Toronto and the University of Cambridge, are researching strategies to reduce the emissions associated with concrete infrastructure. These strategies have the potential of cutting concrete carbon-dioxide emissions by as much as 50 per cent.

Invasive species present a significant risk to the timber industry – one of Ontario’s main economic drivers – by harming local ecosystems that could threaten Ontario’s ability to supply materials. Algoma University is leading critical research in invasive species biology by studying the effects of climate change on migratory and behavioural patterns, helping develop tools to safeguard the timber industry.

Through a unique experiential learning program, OCAD University students are honing their skills in all facets of media content production, preparing them for careers in the booming content creator economy, as well as creating a talent pipeline that can help expand capacity for the growing film industry. OCAD U Live is a 24/7 digital streaming channel featuring content produced by students and is gaining prominence as a production house, giving students real-world paid work experiences and strengthening the connection between students and digital infrastructure.

Through the Navigable Virtual Reality for Architectural Interactive Learning (NVR-FAIL) tool, a professor at Toronto Metropolitan University is providing architecture students with the ability to navigate their architectural designs in a 3D space and experience their projects through a new perspective. This learning experience is helping push the boundaries of forward-thinking architecture.

The growing impacts of climate change have implications for city and building design. A researcher at Wilfrid Laurier University was selected as a lead author for a UN report on the impacts of climate change on human health and well-being. The report offered suggestions on how to build resilient communities that are prepared against the future impacts of climate change.
Provincial research funding also leverages federal funding for the benefit of Ontario. Investing in research and innovation, including the matching of federal funding, is critical to Ontario’s economic growth and future prosperity. This is particularly apparent for critical biomanufacturing and life sciences infrastructure, such as the Biosciences Research Infrastructure Fund.

More can be done to fully realize the potential of innovation in Ontario and ensure university researchers, innovators and entrepreneurs can continue to create the type of breakthroughs that make Ontario a global leader and our economy more self-sufficient.

Provincial Government Share of Total Research Funding

Source: CAUBO, Financial Information of Universities and Colleges (FIUC)

Includes funding for universities and affiliated hospitals
Over the past decade, Ontario’s universities have grappled with a rapidly changing landscape. While demands for increased access to the latest information, technology, classrooms and student services continue to rise, universities have faced decreasing government funding in real terms. These increasing demands require institutions to adapt quickly in an environment that demands a steady flow of educational offerings that best serve students. To effectively tackle these challenges, postsecondary institutions – just like businesses – require agility, responsiveness and good governance.

It is why Ontario’s universities remain steadfast in their commitment to strong fiscal management, transparency, accountability and stewardship of the resources they receive, while transforming and adapting to meet ever-changing labour market and student needs.

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**Transforming and Finding Efficiencies**

The make-up of our student body, and accordingly, student needs, are changing rapidly. From mid-career workers and newcomers to Ontario, as well as students just out of high school, the type of learner arriving on our campuses has evolved.

As more and more new Ontarians are welcomed to our province, they will need access to high-quality degree programs, micro-credentials and continuing education courses.
To ensure changing student needs are met, Ontario’s universities continue to serve a diverse cohort of students by innovating and transforming programming, services and resources.

While Ontario’s universities continue to adapt, innovate and evolve to help address a diverse range of student needs, they are also finding ways to drive efficiencies, streamline and reduce red tape, diverting more resources to students through cost-savings.

To keep pace with a changing landscape, Ontario’s universities will continue to work to transform and remain nimble, as they continue to serve the needs of students and communities.

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**Committed to Financial Health and Transparency**

Ontario’s universities are committed to strong fiscal management, good governance, transparency and accountability to students and the communities they serve.

For this reason, universities have identified **Leading Practices in University Board Governance**, which emphasize the accountability of university boards for the financial sustainability and effectiveness of their institutions. These leading practices affirm that all universities’ voluntary boards support and adhere to strong governance practices, take seriously their fiduciary responsibilities, and are committed to continuous improvement in governance practices.

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**Ontario’s universities: Finding efficiencies and cost-saving**

- Nurse Practitioner education in Ontario is primarily delivered by an efficient and cost-effective consortium of nine universities.

- Ontario Education Collaborative Marketplace works with universities and broader public-sector organizations to leverage savings through central agreements.

- The Canadian Shared Security Operations Centre investigates how shared services can help mitigate cybersecurity threats.

- COU’s Task Force on University Space Transformation has commissioned a space standards review and environmental scan that will help build universities of and for the future by examining current space standards and identifying efficiencies.

- The Ontario Universities’ Application Centre removes the need for each institution to process its own applications, eliminates duplication of work, and saves students time and money.

- The University Pension Plan (UPP), protects the security and sustainability of pensions in the sector through a Jointly Sponsored Pension Plan model. The UPP currently manages $11.8B in pension assets across 16 participating organizations.

- Universities are implementing technology-enabled solutions, such as enterprise resource planning software, for savings and efficiency.
In addition, universities have proactively developed a Financial Health and Transparency Framework to provide ongoing monitoring of their financial position and to ensure action plans are developed and implemented as required.

Since the sector published the framework last year, the Ministry of Colleges and Universities shared its University Financial Accountability Framework, which builds on the sector’s proposal. Ontario’s universities are committed to working with the Ministry in the development and implementation of its framework.

Furthermore, as part of their commitment to accountability, universities remain accountable through their Strategic Mandate Agreements and performance-based funding, and will continue to collaborate with the province on how best to achieve enhanced outcomes.

**COU’s Financial Health and Transparency Framework outlines the following actions:**

- Report annually on five core financial metrics (net income/loss ratio; primary reserve ratio; interest burden ratio; viability ratio and net operating revenues ratio). These ratios reflect cash levels/liquidity, revenue and expense management, financial strength and flexibility, and debt management and affordability. In addition to the five core indicators, universities that carry external debt commit to third-party credit rating reviews.

- Set appropriate minimum thresholds for the five financial health indicators and confirm the key indicators that would drive financial health actions.

- Take appropriate action, in response to performance against the minimum thresholds and external credit ratings, to proactively mitigate emerging financial risks.

- Continue providing sector leadership in transparency by ensuring financial metrics, and other financial information, including operating budgets and credit rating reviews, are publicly available on websites.
Mounting Financial Pressures

However, Ontario’s universities continue to face significant financial pressures and require more resources to remain vital partners to Ontario’s prosperity. A number of factors have contributed to these mounting pressures, making the sustainability of universities increasingly untenable. These factors include:

- Universities receiving the lowest per-student government funding in Canada with Ontario receiving $8,647, while the Canadian average was $12,215 in 2020-21.
- Provincial operating funding per student declining in real terms by 31% since 2006-07 and currently representing about 30% of total university operating revenue.
- More than 21,000 domestic students (with a value of $176.5 million) being unfunded by the province due to the corridor cap.
- The tuition cut in 2019 and ongoing freeze costing the sector $1.9 billion in foregone revenue to-date and an estimated additional $997 million in 2023-24.
- Delays in international student visa approvals having an immediate financial impact of more than $100 million in 2022-23.

These financial pressures are eroding the sector’s ability to deliver on universities’ mission to support students, communities and the province. Universities can no longer continue to absorb cuts and freezes amidst rising inflation and costs. The status quo cannot continue.

In fact, recent provincial budgets across Canada have significantly increased operating funding for universities. In addition, all other Canadian provinces allow for tuition increases.

It is why Ontario’s universities are calling for a long-term financial framework that includes government investment and the flexibility to increase their revenue sources. Through this financial framework, universities can continue their critical mission to support students; develop a highly skilled and adaptable workforce; strengthen industries, businesses and communities; drive groundbreaking innovation and help restore Ontario’s competitive economy.

Recommendations

To continue to sustain current capacity and support students, enrolment growth and research and innovation, Ontario’s universities recommend the government:

1. Increased Operating Funding: A one-time increase to base funding to reduce the decline in real per-student grants; ongoing annual percentage-based increases in base funding to reflect the higher costs of meeting student needs; and full funding for enrolment expansion to develop the talent Ontario’s economy needs.

2. Provide Multi-Year Tuition Flexibility: Multi-year tuition flexibility, including corresponding increases to Tuition Set-Aside and Student Access Guarantee to help support low- and middle-income students, that provides predictable and necessary revenues to ensure universities can deliver on their mandates to develop highly skilled talent, foster research and innovation, and support local economic development.
Conclusion

As higher education continues to be immersed in change, with institutions navigating increasing competition, diversifying student populations and increasing financial pressures, Ontario’s universities continue to prepare for the future and transform.

By adapting, innovating and enhancing the approaches, processes and structures that have long defined our institutions, universities are not just educating, but meaningfully impacting as many students and communities as possible.

Amidst this change, Ontario’s universities continue to work to ensure access to a university education for all willing and qualified students – one that helps them grow, thrive, and adapt – not only throughout their post-secondary education, but also throughout the course of their post-graduation lives.

To ensure high-quality, relevant and accessible university education in Ontario, it is critical to keep the values of students, society and the market in mind, as universities transform in real-time and work in partnership to shape the policies and practices of postsecondary education.

The success of our students and graduates, as well as Ontario’s economic prosperity, requires strong partnership between government and universities. Through dynamic future-focused planning and a resolute focus on the changing needs of students, we can work together to solve today’s challenges and build a brighter tomorrow for Ontario.
Further Reading

**Partnering to Increase Access to Student Housing:**
https://ontariosuniversities.ca/reports/partnering-to-increase-access-to-student-housing

**Supporting International Student Success:**

**Powering Ontario’s Electric Vehicle Ecosystem:**

**Empowering Ontario’s Life Sciences Ecosystem:**

**The Vital Role of Engineers:**