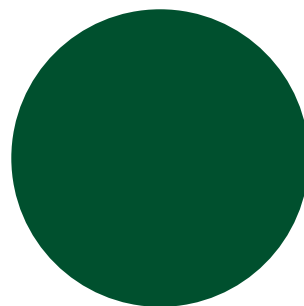
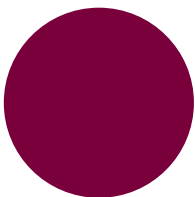
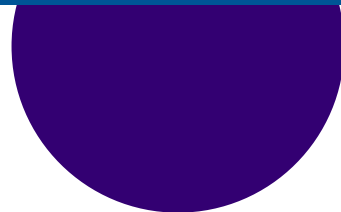


Backgrounder:
COU 2025 Pre-Budget Statement –
Equipping Ontario Universities to Help
Grow Ontario’s Economy

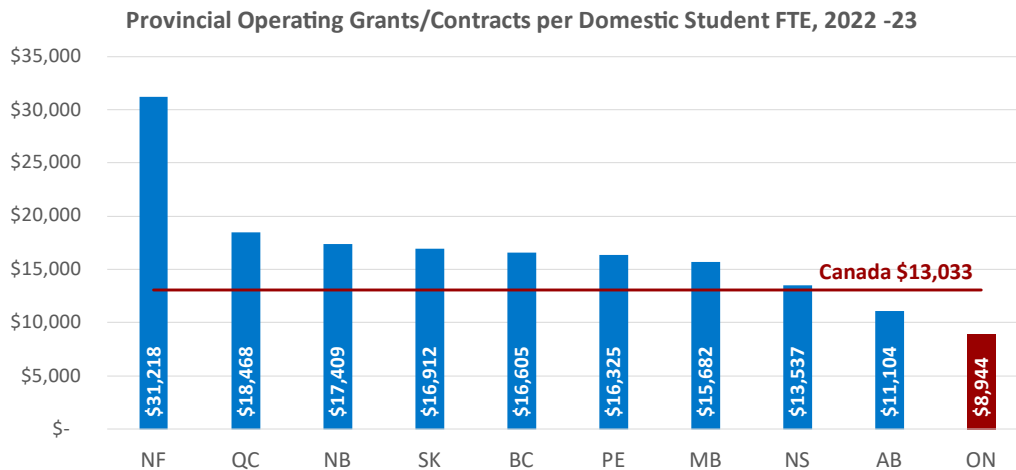
April 2025



Backgrounder: COU 2025 Pre-Budget Statement – Equipping Ontario Universities to Help Grow Ontario’s Economy

Ontario universities are the lowest funded per student in the country.

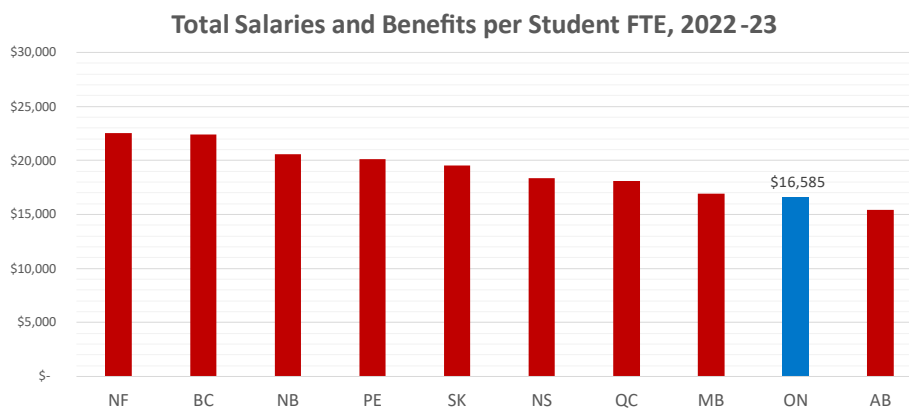
Ontario Universities Receive the Lowest Funding Per Student in Canada



Notes: Includes all provincial operating funding. Student FTEs are calculated as 1 full time headcount = 1 FTE and 3.5 parttime fall headcounts = 1 FTE.
 Source: Statistics Canada, [Table 37-10-0026-01 Revenue of universities by type of revenues and fund](#) and Statistics Canada, [Table 37-10-0018-01 Postsecondary enrolments, by registration status, institution type, status of student in Canada and gender](#).

According to Ontario’s Blue-Ribbon Panel Report (page 35): “...salary and benefit costs in Ontario’s universities per full-time equivalent student are lower than in almost every other province.” Since this report was released in November 2023, Ontario university efficiency has further improved and now ranks second lowest in the country, notwithstanding more student support services and financial assistance.

Ontario Universities Among the Most Efficient in the Country



Notes: Includes all operating fund salaries and benefit expenses. FTEs are calculated as 1 full time headcount = 1 FTE and 3.5 parttime fall headcounts = 1 FTE.
 Source: Statistics Canada, [Table 37-10-0027-01 Expenditures of universities by type of expenditures and fund](#) and Statistics Canada, [Table 37-10-0011-01 Postsecondary enrolments](#).

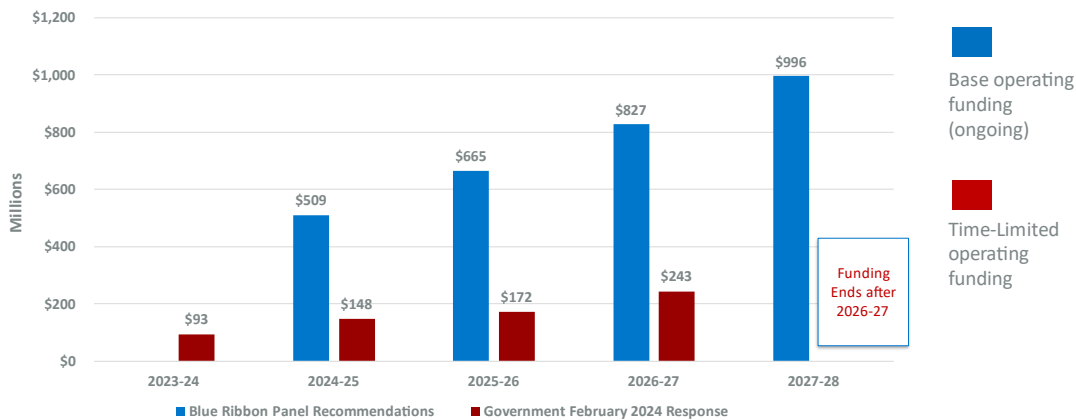
Ontario’s Blue-Ribbon Panel recommended significant increases in base revenues (operating and tuition) for universities given their essential role in generating the talent and innovation our economy needs. After years of declining funding, the Panel recommended the equivalent of an initial boost of a 15 per cent increase in base operating grants in the first year, followed by annual increases of at least 4 per cent per year.

In total, the Panel recommended that the province invest more than \$2.5B in base revenues over three years for colleges and universities, excluding costs related to funding capital, research and enrolment expansion.

Instead, the province announced \$903M in time-limited operating funding over three years for colleges and universities, falling far short of their own expert recommendations.

This time-limited funding, while welcome, does not meet the needs of the sector nor does it address the impact of federal changes to international student study permits that is expected to reduce university revenues by nearly \$1B over two years.

Blue Ribbon Panel Recommendations and Initial Provincial Response



Notes: Blue Ribbon Panel recommendations include 10%, 2% and 2% increases in base operating grants as well as 5%, 2% and 2% increases in domestic tuition which when converted to the equivalency of base operating grants is also 5%, 2% and 2% for a combined total of 15%, 4% and 4% ongoing. Excludes Hearst, NOSM U and Université de l’Ontario français.

Ontario government February announcement includes one year only in partial funding in 2023 -24 for STEM enrolment above the corridor, time-limited operating funding of 3%, 2% and 2% that ends after the third year as well as \$46 million in one-time top up funding for 2024-25.

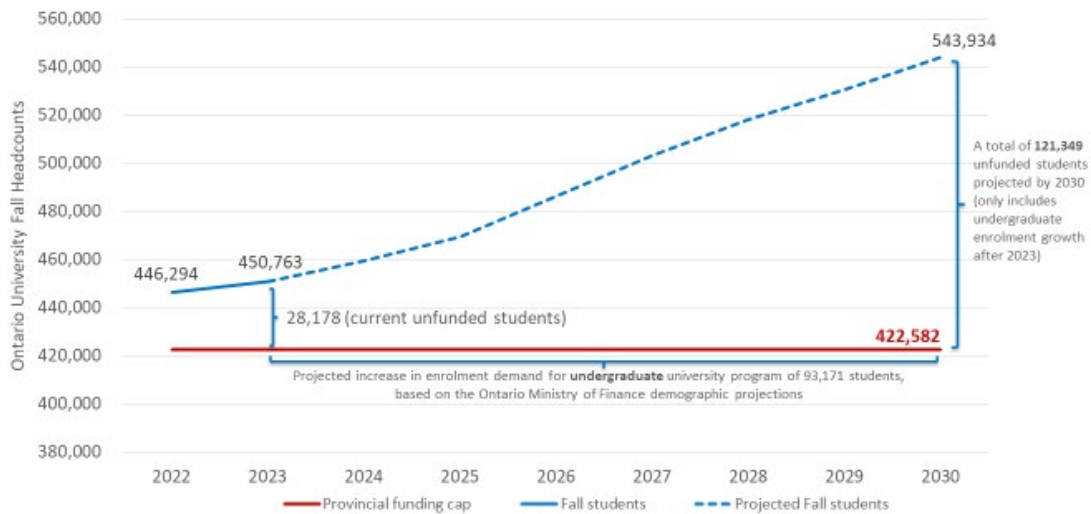
Ontario universities are looking to the 2025 Ontario Budget to:

1. Double the time-limited Sustainability Funding and convert into base funding to ensure Ontario universities have the financial resources to help grow and protect the economy.
2. Boost operating grants for Northern and bilingual programming to reflect the higher costs and special needs of delivering these programs.

The Blue-Ribbon Panel also recommended that the province review the current corridor framework that imposes a funding cap on domestic student enrolment. This cap has not been adjusted since 2016. The cap acts as a financial barrier for universities enrolling more domestic students. In fact, Ontario universities have seen a dramatic increase in demand by Ontario high school students to attend an Ontario university. Since 2020, Ontario high school applicants have increased by 16.7%. As a result of increased demand by domestic students for a limited number of spaces, Ontario high school students are experiencing greater difficulties in enrolling in a program of their choice.

Additionally, COU is projecting that by 2030, more than 100,000 Ontario high school students will be at risk of not getting into the program or university of their choice, despite their qualifications, posing a significant barrier to access for students.

Increasing Demand by Ontario High School Students to Attend an Ontario University

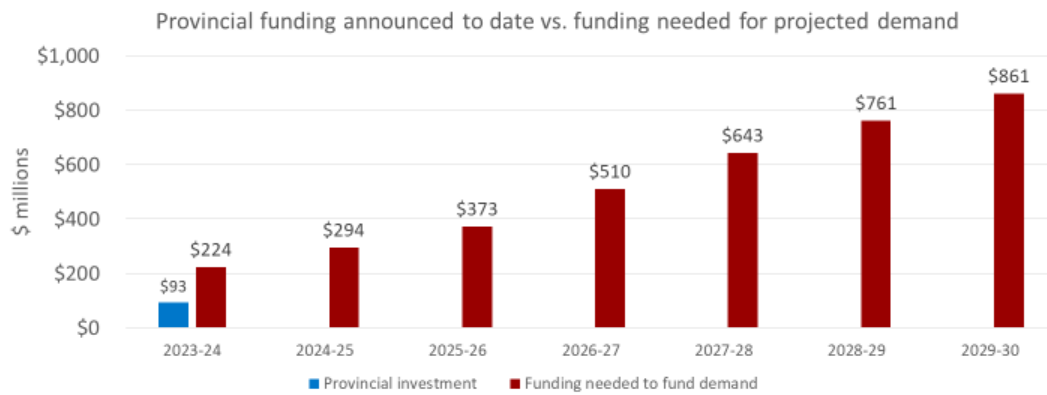


Source: COU's unfunded student model, Ontario's universities' undergraduate enrolment data, and Ontario Ministry of Finance October 2024 projections for permanent residents. Notes: Enrolment data for 2022-23 and 2023-24 are fall headcounts calculated from Weighted Grant Units. Estimates for 2024-25 apply the average cumulative change in participation rates from 2018 to 2020 to future years to population projections.

In 2023-24, the province provided \$93M in additional one-time funding for universities with enrolment in STEM above the corridor. This additional funding went some way towards helping close the funding cap for unfunded domestic students in that year. However, Ontario universities are calling for increases in base funding for enrolment growth for all universities to ensure that students in all parts of the province get access to a higher education in their community.

The Ontario Progressive Conservative Party Platform included \$450M in additional funding for STEM spaces over three years. Ontario universities are looking forward to the government's announcement on the allocation of these funds and how the province intends to address the growing enrolment gap in the years ahead.

Provincial Funding for Enrolment Growth Compared to Funding Needed to Meet Ontario High School Demand



Source: Government of Ontario and COU.

Notes: Funding needed to meet demand includes current unfunded students and forecasted UG domestic enrolment demand. Graduate student projected growth is not included. Based on 2024-25 per student operating funding. Not indexed to inflation.

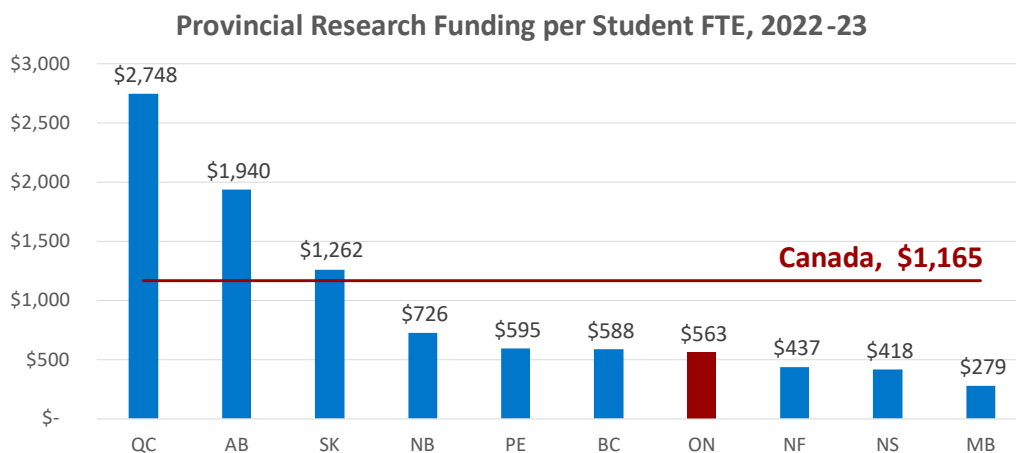
Ontario universities are looking to the 2025 Ontario Budget to:

3. Announce a multi-year plan that will close the funding gap in order to grow the talent pipeline by creating more spaces to meet the increasing enrolment demand by Ontario high school students applying to an Ontario university.

Ontario universities play a crucial role in fostering jobs and economic growth. At a time when the province is facing stiff tariffs from the United States, universities are eager to step up and support Ontario. Universities can be essential partners and collaborators in achieving the solutions Ontario needs in driving economic growth.

Provincial funding for research and innovation is among the lowest in the country. Key functions within the university system are not funded by the province, such as Technology Transfer Offices, small business incubation and start-up centres, and career counsel entrepreneurship programs. Investing in university innovation helps to drive key industries such as critical minerals, advanced manufacturing, life sciences and AI are all within the scope of universities working in partnership with industry and the provincial government.

Ontario is Falling Behind in Investing in University Research and Innovation in Canada



Source: Statistics Canada, Table: 37-10-0026-01 and Table: 37-10-0011-01. Student FTEs were calculated as 1 full-time student = 1 FTE and 3.5 part-time student = 1 FTE.

Ontario universities are committed to working with industry to commercialize new technology. But to do so will require additional investment in STEM, research, innovation and commercialization capacity, whether it is research grants, capital investments in economic infrastructure or research chairs to help attract the top researchers to Ontario from the United States.

Ontario universities are looking to the 2025 Ontario Budget to:

4. Boost operating and capital funding for research to help drive innovation, get shovels in the ground, build homegrown industries, attract the best and the brightest, and reduce reliance on the United States.