PROTECTING AND GROWING ONTARIO'S FUTURE THROUGH TALENT AND INNOVATION

2026 Pre-Budget Submission to the Ontario Government

ONTARIO'S UNIVERSITIES
Partnering for a better future

Protecting and Growing Ontario's Future through Talent and Innovation

Ontario is at a pivotal moment. Global challenges are reshaping the economic landscape – from shifting geopolitics and trade disruptions to new tariffs that threaten Ontario's exports, industries and jobs. Ontario businesses are also navigating rising costs, rapid technological change and an unprecedented demand for skilled workers.

In this environment, the question for Ontario is clear: **how do we protect our economy while ensuring we are positioned to grow into the future?**

Ontario's universities are an essential part of the answer. **Strong universities build a strong Ontario** by preparing the workforce employers urgently need, driving innovation across strategic sectors, and anchoring communities across the province. Every year**, more than 135,000 graduates leave Ontario universities equipped with the skills, ideas, and resilience – the careers, entrepreneurial spirit and job creation that power Ontario's economy.** At the same time, billions of dollars in university research are building the technologies, companies and industries of tomorrow.

We don't just want to help Ontario get through tough times – we want to help build a stronger future.

But to continue fulfilling this role, Ontario's universities need a sustainable foundation. After decades of operating with the lowest per-student funding in the country and eight years of a tuition cut and freeze, the system has reached a breaking point. Despite years of finding efficiencies, streamlining operations, and delivering more with less, universities are at risk of no longer being able to meet Ontario's growing needs.

Supporting financial sustainability must be the next step. That means a future funding formula that increases operating funding and provides revenue flexibility, alongside universities' continued commitment to efficiencies and responsible management.

Ontario cannot afford to fall behind. A strong Ontario depends on strong universities that can help protect Ontario's competitiveness today and grow its prosperity tomorrow.

Now, more than ever, is the time for the provincial government to invest in the university talent, research and innovation that Ontario needs to seize opportunities to protect and grow the economy.

To ensure the financial sustainability of Ontario's universities, in addition to emphasizing additional efficiencies and cost-saving measures, we recommend that the provincial government:

Increase base operating funding by $1.2 billion starting in 2026/27 growing to $1.6 billion by 2028-29 to enroll more Ontario students and drive innovation and economic growth.

Protecting Ontario's Competitiveness

Ontario's ability to compete and succeed – both at home and on the global stage – depends on its people and its ideas. In a time of shifting geopolitics, new tariffs and increasing global competition for talent and investment, Ontario must take deliberate steps to protect the economic strengths that have built prosperity in our province.

95.1% of university graduates are employed within two years of graduation and the vast majority are related or somewhat related to their area of study, according to the most recent Graduate Survey.

Universities are at the centre of this effort. They are equipping Ontarians with the skills employers urgently need, and driving the innovation that keeps industries competitive. They are also supporting regional economic development by serving as anchors that help local communities attract investment, jobs and protect against tariff and economic disruptions.

From training the nurses and teachers who safeguard essential services, to powering breakthroughs in advanced manufacturing, clean technology, and artificial intelligence (AI), Ontario's universities are essential partners in protecting the province's competitiveness today while laying the groundwork for growth tomorrow.

Protecting and Growing Jobs While Meeting Labour Force Needs

As Ontario faces acute labour shortages, employers in health care, education, advanced manufacturing, and technology are urgently seeking workers with the right skills – and too often, they cannot find them. Without immediate and sustained action, this shortage threatens Ontario's ability to protect essential services and seize opportunities for growth.

Industry Voices

"Ontario must aspire to have the best-funded post-secondary education system in Canada…Ontario's postsecondary education system is core to both our global competitiveness and the economic and social fabric of our communities." – Daniel Tisch, President & CEO, Ontario Chamber of Commerce, February 2025

"A strong postsecondary sector requires sufficient, stable financing." – RBC Thought Leadership, Testing Times Fending off a crisis in Canadian postsecondary education, September 2025

"Universities in Ontario have fully embraced partnership with the industry and the ecosystem, particularly in life sciences. We understand that there is tremendous research that starts off at universities and is commercialized through our private sector. There's entrepreneurship that is nurtured at our academic institutions, and ultimately this research translates into real prosperity for Ontarians, outcomes for patients and economic generation for our province." – Jason Field, President & CEO, Life Sciences Ontario, November 2025

As Ontario faces growing international threats to its economy, addressing manufacturing labour gaps and growing commercialization capacity is more needed than ever… critical investments are required to support post-secondary institutions, so that they can continue to address Ontario's workforce needs, support job creation and attract investment across the province. – Keep Calm and Keep Training, CME's second annual workforce report, May 2025

Ontario's universities are the direct pipeline to the talent employers need:

- Based on a 2021 study, Ontario will need more than 233,000 jobs in STEM that require a university degree from 2021- 2030, encompassing electronics, manufacturing, mining and computer and mechanical engineering, as projected by Stokes Economics. Universities are key in meeting this demand.

- As of 2024, the Canadian nuclear energy industry employs approximately 89,000 people, indicating a 17% increase over the last five years. The nuclear industry provides high-quality employment, with about 89% of roles classified as high-skilled. Of these, 42% require a university degree or higher and 47% are specialized technical positions.

- ECO Canada's 2024 report projects that Ontario's core environmental workforce will face significant replacement and expansion needs, with close to 52,000 estimated net job openings by 2033. The highest hiring requirements are expected in roles demanding advanced degrees and specialized expertise, including approximately 5,050 openings for civil engineers, 4,850 for business management consultants, and 2,760 for mechanical engineers.

- Canada faces a 14,000-person shortfall in the roles that define modern defence: "the deep gaps are in the roles that define power today, including AI, robotics, quantum security, and cyber operations. Universities train the scientists, engineers, and cybersecurity specialists who are advancing dual-use technologies such as AI, quantum, and advanced materials – fields that serve both security and economic well-being." – Gabriel Miller, CEO, Universities Canada

- According to a recently released report by the World Economic Forum on The Future of Jobs, AI specialists, cybersecurity professionals, and software/app developers are among the fastest-growing occupations, driven by 86% of employers seeing AI and information processing as highly transformative by 2030.

- Ontario is facing a critical teacher shortage that is impacting much of the province, particularly in French, Northern and rural communities. For example, in 2020, the Ontario College of Teachers (OCT) forecast that teacher retirements could reach as many as 5,800 annually over the next several years. The Ontario Teachers' Pension Plan (OTPP) reported 5,089 new retirees in 2024. In its labour market projections for 2021 to 2030, Stokes Economics found that Ontario would need 67,300+ new K-12 teachers during this timeframe.

- Nearly 148,000 new health-care positions will require a university education in Ontario over the next decade, according to a labour needs projection report from Stokes Economics. These labour market projections are in addition to the critical gaps and unfilled positions in health care Ontario faces today.

This supply of highly-skilled university talent means:

- **More nurses, doctors and health professionals** to protect Ontario's health care system and meet urgent demands in hospitals, long-term care, and community care.
- **More engineers, AI specialists, data scientists and clean energy experts** to build Ontario's energy future, secure supply chains, and ensure the province remains globally competitive.
- **More business and finance professionals** to support Ontario's economy, from small businesses on Main Street to global corporations driving exports.

Life Long Learning

As of 2022, Continuing Education units supported 120,000 learners across Ontario universities. University continuing education enables institutions to expand flexible, market responsive programs while meeting employer demand for career ready skills. These programs leverage existing academic and professional expertise within the province, create a closer connection to industry, and strengthen alignment between university training and Ontario's economic priorities.

All universities have policies to support and encourage work-integrated learning with most university students enrolled in programs with co-op placements, internships, experiential learning, and work-integrated learning opportunities. This work experience strengthens student's connections with the labour-force.

University students are gaining real-world skills every year through co-op placements, internships, experiential learning, and work-integrated learning opportunities that directly connect them with Ontario employers.

In short, universities are preparing Ontario students for Ontario jobs and careers that feed the well-being of Ontario's economy and people. They are building Ontario's workforce from the ground up – supplying the people who keep our health care system strong, our classrooms full and our industries innovative and competitive.

The Role of Universities in Northern Prosperity

As the province looks to develop the Ring of Fire, Ontario's universities play a critical role in attracting students to the region, supporting industry through innovation and talent development, enabling workforce upskilling, and making the connections necessary for economic development.

In 2021, the Conference Board of Canada found that the Northern Ontario communities surrounding Algoma, Lakehead, Laurentian and Nipissing universities had the combined impact to Ontario's GDP of:

- $1.4 billion from spending from university activities; and
- $1.3 billion from human capital development – that is, the income premium university graduates earn from their degrees relative to high school graduates.

In addition, these institutions supported 15,683 jobs annually in Ontario, and the cumulative investments in university R&D have increased the GDP in these communities by a total of $778 million since 1971.

Protecting Innovation and Growing Ontario's Global Advantage

Ontario is also competing on the global stage – and the competition is fierce. Countries around the world are investing heavily in innovation, AI, advanced manufacturing, critical minerals and clean technologies. Ontario cannot afford to fall behind.

Universities are Ontario's strongest advantage in this race. In fact, the Council of Canadian Academies recently released a new report that highlights Canada's need for a strong science & innovation ecosystem, referencing Canadian universities as "a rare bright spot" that continue to produce world-class talent and research.

In 2024-2025, Ontario universities conducted **$4.1 billion in research**, focused on practical, applied solutions that support Ontario companies, industries and communities according to COFO data. This research fuels economic growth and helps businesses stay ahead of global competition.

University research is more than a generator of ideas – it is a driver of talent, economic opportunity and real-world solutions. For example:

- According to AUTM Licensing Activity Surveys, between 2021 and 2024, university-led research generated over 3,000 invention disclosures and launched 185 new startups in critical sectors like AI and health care.
- Ontario universities are leading the development of AI talent, with nearly 5,000 new AI master's graduates between 2019 to 2025, according to the Vector Institute.
- That talent helped fuel more than 17,000 new AI jobs in Ontario, with 413 companies investing a total of $2.6 billion in Ontario-based AI companies – making AI one of the province's fastest-growing sectors.

These aren't just statistics. They're signs of a province moving forward – driven by research and anchored in university excellence. We see this impact across every region and sector:

- In the automotive space, Ontario researchers are advancing neuromorphic computing to power next-generation autonomous vehicles.
- In health care, AI-powered tools developed by university researchers have helped reduce unexpected hospital deaths by over 26% – a transformative leap in patient safety.
- In advanced manufacturing, research into battery recycling and mine waste remediation is turning Northern Ontario into a global hub for clean energy materials – helping secure Ontario's leadership in the EV and critical minerals economy.

These breakthroughs are made possible by the talent, partnerships and infrastructure that Ontario universities provide. And they build on the legacy of pioneers like University of Toronto Professor Emeritus and Nobel laureate Geoffrey Hinton, whose work in deep learning has made Canada – and Ontario – a global force in AI.

Nobel Achievements, Ontario University Roots: Several of the world's Nobel laureates – Peter Howitt (Western University, 2025), Geoffrey Hinton (University of Toronto, 2024), Donna Strickland (University of Waterloo, 2018), Arthur B. McDonald (Queen's University, 2015) and John C. Polanyi (University of Toronto, 1986) – come from Ontario universities, driving breakthroughs in economics, AI, physics and chemistry. Their achievements highlight Ontario's leadership in cutting-edge research and innovation.

The AI Surge

- A study from the Vector Institute reveals AI's $100 billion economic impact across Canada, with Ontario leading the charge. The study also reveals AI is projected to add $298 billion in AI driven economic growth over the next decade.
- According to the Vector Institute, nearly 80,000 AI jobs were created in Ontario between 2019 to 2025, and 70 new AI startups were founded in 2024-25.
- AI is an engine of economic growth in Ontario with nearly $9.8 billion in venture capital investments in AI between 2019 to 2025, according to the Vector Institute.
- "It is acknowledged worldwide that Canada leads in AI talent growth. Materially improving our compute infrastructure, R&D investment, and most significantly, adoption of AI solutions to drive productivity, are critical to retaining top-tier talent and training future talent. Ontario, as an AI hub, is seeing growing VC investments and a surge in new companies. Now is the time to scale these companies and make them globally successful to continue our leadership in the global AI community." – Anthony Viel, CEO, Deloitte Canada, Ontario's AI ecosystem: fueling real economic growth with record number of jobs and private investments, June 2025

This is exactly what Ontario needs right now.

As global competition intensifies, and as new tariffs and trade barriers threaten our economic position, we need to invest in the one advantage that is home grown: our people and the knowledge they create.

Ontario's researchers are not just advancing science, they are defending our prosperity, strengthening our communities and preparing us for the challenges ahead.

This research is not happening in isolation. Universities are building partnerships with industry and government, helping companies adopt new technologies, train employees in emerging fields and bring new products to market. They are also central to Ontario's ability to attract and retain global investment by demonstrating the province's capacity to innovate and grow.

By generating research, training highly skilled workers and building pathways for commercialization, Ontario's universities are protecting Ontario's capacity to compete and succeed globally – and ensuring the province's most important industries can grow stronger in the years ahead.

Growing Ontario's Critical Industries: Universities Generating Talent

Ontario's future prosperity depends on expanding the industries and innovation that create jobs, attract investment and enhance competitiveness. While universities are central to protecting Ontario's competitiveness today, they are equally critical to growing the economy of tomorrow. Universities are uniquely positioned to grow the talent, technology and research needed in key industries by:

- Growing the pipeline of nurses, doctors and researchers who are essential to protecting Ontario's health system and building a life sciences sector that attracts investment.
- Expanding Ontario's leadership in EV production, battery technology, and clean mobility – creating good-paying jobs and strengthening the province's advanced manufacturing sector.
- Training the next generation of computer scientists, engineers, and entrepreneurs to grow Ontario's tech sector and make the province a global leader in AI applications.
- Building the talent and innovation needed to responsibly develop Ontario's critical minerals, support clean energy projects and grow a sustainable supply chain for the future.
- Partnering with government and industry to grow Ontario's defence and cybersecurity capacity – protecting the province's infrastructure and ensuring economic resilience.
- Advancing expertise in nuclear energy and small modular reactors to provide Ontario with clean, reliable power that supports industrial growth, reduces emissions, and secures energy independence.

Strategic investment in universities will not only strengthen these critical sectors but also ensure Ontario remains a leader on the global stage. But a stronger foundation is urgently needed to ensure Ontario can both meet today's workforce demands and grow the industries that will drive prosperity for generations to come.

The following impact stories demonstrate how universities are not just responding to today's needs, but preparing students for the careers and jobs that Ontario needs while actively growing the industries and opportunities that will define the province's future prosperity.

Artificial Intelligence and Digital Innovation

"AI could unlock billions of dollars in economic value for Ontario, but only if we make it accessible to all businesses and equip our workforce with job-ready AI skills." – Daniel Tisch, President & CEO, Ontario Chamber of Commerce, Future-Proofing Ontario: Seizing AI's Economic Potential, June 2025

- Ontario's cybersecurity workforce is growing, and businesses are better protected, through the training and support delivered by Toronto Metropolitan University's Rogers Cybersecure Catalyst.
- SciNet, the supercomputing centre at the University of Toronto, provides researchers across Canada with computational resources that translate to greater competitiveness for Ontario's economy. A new $42.5 million investment through the Canadia Sovereign AI Compute Strategy delivered by the Digital Research Alliance of Canada will catalyze support for SciNet from the university and the federal and provincial governments.
- AI-powered innovations improving health care, clean energy, and advanced manufacturing are being accelerated at the University of Waterloo's Velocity startup incubator, generating job growth across the province.
- Access to affordable IP education and commercialization support is growing across Ontario's startup ecosystem through Wilfrid Laurier University's Intellectual Property Lab that helps entrepreneurs and innovators protect and scale their ideas.
- At York University's Climate Data Driven Design Facility, researchers are working with industry partner Printerra to use 3 D printed concrete to develop climate resilient, efficiently produced materials for infrastructure such as housing, roads, bridges and tunnels. The facility analyzes how changing climate conditions affect these materials and uses AI to build predictive models that improve long term performance.

Quantum Computing and Quantum Technologies

"Researching and developing real-world quantum solutions requires a quantum-ready workforce. Canada has the right ecosystem of post-secondary and research institutions and industry partners to build this workforce," – Dr. Anindya Sen, acting executive director of the University of Waterloo Cybersecurity & Privacy Institute, Exploring Canada's Quantum Future, May 2024

- McMaster University supports Ontario's quantum capabilities through research in quantum materials, condensed matter physics, and quantum sensing, with strong links to advanced manufacturing, materials science, and applied industrial research.
- University of Ottawa advances quantum science through leading research in quantum photonics, quantum communication, and extreme light–matter interactions, strengthened by international collaboration through joint initiatives with the Max Planck Society.
- University of Toronto contributes to Ontario's quantum strength through interdisciplinary research in quantum computing, quantum materials, and quantum-enabled AI, supported by world-class physics and engineering expertise and close links to national research infrastructure and industry partners.
- University of Waterloo Institute for Quantum Computing plays a key role in quantum computing, quantum information science, and quantum materials, supported by deep integration with industry and startups through the Institute for Quantum Computing and the broader Waterloo innovation corridor.

Defence and Security

"Universities are central to strengthening Canada's defence capability, from developing vaccines that protect troops and civilians during global outbreaks, to advancing clean-energy technologies that reduce military-chain risk, to supporting Artic communities that anchor our sovereignty in the North. Engineers, analysts, and cybersecurity specialists are as vital to national security as pilots or infantry." – Gabriel Miller, President and Chief Executive Officer of Universities Canada, Science, cyber, engineering and tech experts will defend our sovereignty in the 21st century, The Hill Times, Nov 2025

- Through programs like the Canada Cyber Foundry (CCF), the University of Guelph is advancing research in national security, cybersecurity, and defence technologies to strengthen Canada's readiness for emerging threats.
- Ontario's critical power systems are becoming more resilient through Lakehead University technology that can detect and stop cyber-attacks even after traditional cyber-layer defences are breached.
- Future leaders in policing, corrections and broader justice roles are being prepared with hands-on training and real-world placements through Nipissing University's Criminal Justice program, helping strengthen Ontario's criminal justice sector.
- York University's Lassonde School of Engineering and Centre for Research in Earth and Space Science (CRESS) anchor a uniquely comprehensive space engineering ecosystem that integrates talent development, cutting-edge research, and innovation.

The Ontario Chamber of Commerce and the Council of Ontario Universities jointly endorsed Premier Doug Ford's bid to locate the global headquarters of the Defence, Security and Resilience Bank in Toronto. The Bank's global headquarters would be well supported by a province-wide talent pipeline and world-class research capacity that is anchored by Ontario's globally connected defence and innovation ecosystem and the region's unmatched global capital markets."

Critical Minerals and Clean Technologies

"Canada's mining workforce is growing. The demand for metals and minerals, sustainably sourced raw materials and high standards of environmental stewardship and community engagement mean that a diverse, skilled and knowledgeable mining workforce is increasingly important." – The Mining Story 2025, The Mining Association of Canada, May 2025

- Ontario's ability to identify and develop new mineral deposits is improving due to breakthrough mapping and discovery work from Laurentian University's Metal Earth program.
- Lower-grade resources are becoming viable for lithium production, advancing sustainable critical minerals development in Ontario through partnerships between Queen's University, Rock Tech Lithium and Stark Technologies.
- Accurate, real-time water monitoring is becoming more accessible through innovative, budget-friendly AI sensor technology emerging from Trent University.

Life Sciences and Health Care Innovation

"Ontario is home to some of the world's leading academic institutions, research centers, hospitals, and innovation hubs, and boasts top talent in artificial intelligence, machine learning, data and analytics, and software and infrastructure engineering. Companies like Roche continue to invest in this vibrant life sciences ecosystem because of the talent here, the collaborative environment, and because there is a deep-seated willingness to work locally and globally to innovate for maximum impact." – Brigitte Nolet, President & CEO, Roche Canada Pharma

- Sustainable farming and biotechnology are advancing through new insights into how plants naturally produce protective compounds, uncovered by a researcher at Algoma University.
- Rapid response treatment for infectious disease outbreaks is improving health security through a deployable modular patient-care unit developed by researchers at Carleton University, providing an innovative and standardized solution to health emergencies.
- High risk fetal surgeries are becoming safer through realistic, tactile silicone models developed by researchers at OCAD University that let surgeons rehearse procedures before operating on real patients.
- University of Toronto plays a significant role in Ontario's life sciences ecosystem, with broad research strengths across biomedical science, genomics, regenerative medicine, neuroscience, and clinical translation, supported by close collaboration with teaching hospitals, industry partners, and national research infrastructure.
- Breakthroughs in brain science are helping shape treatments and interventions for neurological conditions through the cutting-edge research conducted at Western University's Institute for Neuroscience.
- York University's Centre for Vision Research is a global leader advancing human and machine vision through the use of leading edge tools such as 3T fMRI, immersive VR, and visuo robotic platforms.

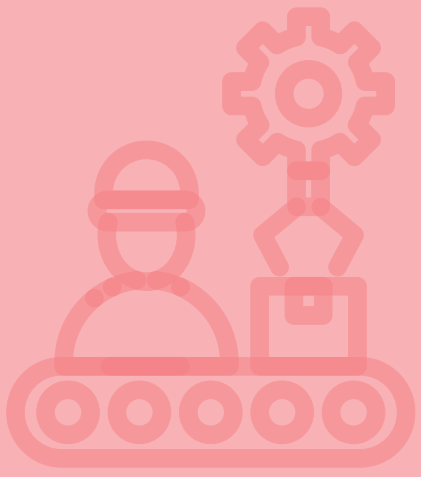
Nuclear Energy

"Ontario has an amazing engineering talent pool, strong academic research programs, as well as a desire to reduce carbon emissions, and boost the Canadian economy and job market. Leveraging its engineering talent and academic strength, Ontario is well-positioned to continue to innovate nuclear technology, developing advanced reactors and improving safety measures. This combination of expertise and research capability can lead to breakthroughs in nuclear energy that not only benefit the province but also set global standards." – Ontario Society of Professional Engineers, Nuclear Power: Why Ontario? And Why Now?, July 2024

- McMaster University is advancing Ontario's nuclear sector by training the next generation of nuclear professionals through hands-on engineering education and applied research, supported by the McMaster Nuclear Reactor, with work spanning reactor safety and materials, medical isotope production, and nuclear energy applications.
- Ontario Tech University supports Ontario's SMR priorities through SMR-focused courses in its undergraduate, graduate and Nuclear Career Accelerator programs, strengthened by research conducted through Canada's only International Atomic Energy Agency Collaborating Centre and the Centre for Small Modular Reactors.
- Advances in low dose radiation research are supporting safer energy and medical practices in Ontario through a joint initiative between the University of Ottawa and Canadian Nuclear Laboratories.

Advanced Manufacturing

"One of the key tools we have at our disposal in times of economic challenges is a resilient and highly skilled workforce. Our world-class postsecondary sector is well positioned to partner with industry and help to furnish Canada's workforce with the skills that give our national economy a world-wide competitive advantage, and contribute to our prosperity." – Robert Luke, Chief Executive Officer, eCampus Ontario, Keep Calm and Keep Training, CME's second annual workforce report, May 2025



- Ontario's grape-and-wine industry is adopting new technology, improving product quality, and building climate resilience through the advanced research, education and expertise of Brock University's Cool Climate Oenology and Viticulture Institute.
- Ontario manufacturers are solving real-world production challenges – from prototyping to scaling – through partnerships with McMaster University's Manufacturing Research Institute.
- University of Toronto is a global-scale research leader in materials science, advanced robotics, AI-driven manufacturing systems, and semiconductor-related manufacturing, closely linked to industry and national research infrastructure.
- University of Waterloo is a leading centre for advanced manufacturing research, with strengths spanning robotics and automation, additive manufacturing, mechatronics, and AI-enabled production systems, supported by deep industry collaboration, commercialization activity, and an integrated co-operative education model.
- Western University supports advanced manufacturing through applied research and industry collaboration, with strengths in lightweight materials, automotive and aerospace manufacturing, surface engineering, and digitally enabled production technologies.
- Next-generation EV battery technology is advancing in Ontario through a partnership with NEO Battery Materials to develop and commercialize innovative silicon-anode solutions with the University of Windsor.

Partnering to Protect and Grow Ontario

Ontario's universities are aligned with government priorities and share a commitment to fiscal responsibility and results. Institutions have demonstrated leadership in finding efficiencies, and will continue to find cost savings and maximize value for students.

But the reality is clear: without sustainable funding, Ontario cannot continue to protect and grow its economy – because **strong universities are essential to a strong Ontario.**

Protect: Stabilize University Funding

Ontario's future prosperity depends on a properly funded university system.

Ontario's universities form the backbone of the province's workforce and innovation ecosystem. Sustained funding is essential to maintain high-quality education, keep students enrolled and supported, and safeguard the research and expertise that drive economic stability, however, the financial challenges facing Ontario's universities threaten their ability to deliver on that mission.

High school students are voting with their feet, and demand continues to increase

- Ontario universities are facing growing domestic student demand. Since 2020, we have seen an **18.5% increase** in the number of Ontario high school students applying to an Ontario university.
- Nearly **28,000 Ontario students** are currently unfunded due to the provincial funding cap on domestic students.
- Without raising the cap, another **77,000 Ontario high school students** will face greater difficulties in enrolling in a program or university of their choice by 2030.

Rising Student Demand in Key Programs

- Many are choosing to study the in-demand programs the economy needs with a **76%** increase in STEM and **40%** increase in health care students over the past 15 years.
- Over the last year, universities have seen an increase in applications in key high demand areas such as engineering by **11.6%** and **20.3%** in health-related programs.
- More Ontario students want to enroll in teacher education. In fact, applications for teacher education increased by **6.7%** in 2024 over the previous year, according to OUAC data.

Universities build Ontario's economy, but face increasing financial pressures

- A strong postsecondary system is critical to Ontario's economic success, by equipping students with in-demand skills, driving innovation and supporting communities across the province.
- According to a recent Abacus survey, 75% of Canadians believe that "universities help set the direction for Canada's future workforce and are helping ensure our future workforce is well-educated and contributes to building a strong economy."
- However, universities' ability to fulfill their mission is increasingly at risk due to worsening financial shortfalls created by declining real per-student funding, a 10% tuition cut and freeze since 2019, and significant cuts to international student visas.
- These pressures threaten student programs, research and student support services.

Despite these ongoing financial challenges, universities continue to do their part

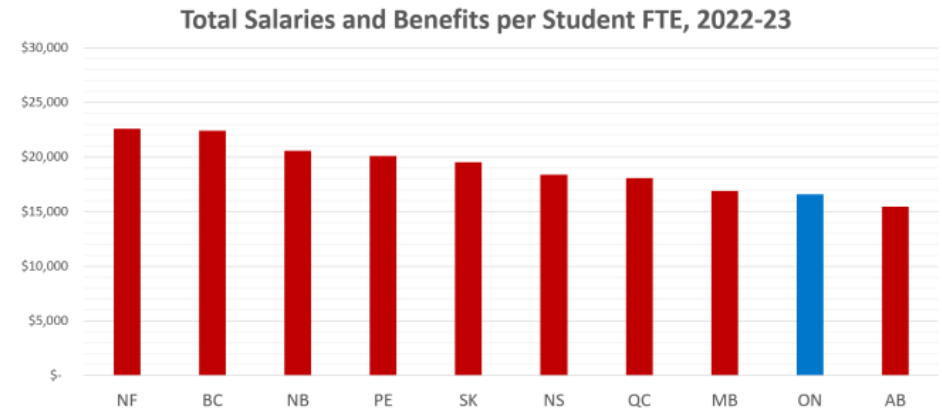
- With a long history of finding cost savings and doing more with less, universities are adapting and evolving to better serve students and find even more innovative ways to drive greater efficiencies, as outlined in the sector's efficiency update.

Efficiency in Action

- Ontario universities have launched several new efficiency measures including a sector-wide AI Task Force looking at driving greater efficiencies in operations.
- Ontario's 21 universities collaborate through the Ontario Council of University Libraries, sharing over 50 million articles from 22,000+ journals via the Scholars Portal. This system reduces duplication, saves money, and enhances access. In 2024-2025, Ontario Council of University Libraries (OCUL) saved member libraries **$10 million** through license negotiations, managed 214 consortial e-resource licenses.
- The Ontario Universities' Application Centre provides a single portal for student applications, eliminating duplication across 21 institutions.
- Universities are working with Supply Ontario and the Ontario Education Collaborative Marketplace (OECM) to take advantage of savings through joint purchasing agreements. To date, more than **$400 million** – and growing – has flowed through these partnerships.
- An OECM and eCampusOntario partnership was announced in June 2024 to establish a shared-services program for bulk software licenses and other procurement, explicitly for universities and colleges, to generate "reduced cost for each participating member."
- Omni shared library system now connects 19 university libraries and has handled over 1.55 million physical item requests through the shared network, letting universities rely on a single shared collection **(~25.8–26 million resources)** instead of duplicating holdings and systems.
- McMaster University, for example, launched the Operational Excellence Program to drive cross-campus collaboration, support innovative projects, and help staff work more efficiently – ultimately benefiting students, faculty, and staff. It will continuously identify, prioritize, and track initiatives that generate cost savings and operational improvements, while building a culture of continuous improvement.

- In fact, Ontario's universities rank second lowest in the country after Alberta in total salaries and benefits per student, while spending 50% more on student services, and more than double on scholarships and bursaries per student FTE than Alberta.

Update: Ontario Universities Among the Most Efficient in the Country



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

- However, the funding gap is just far too large to close through efficiencies alone.

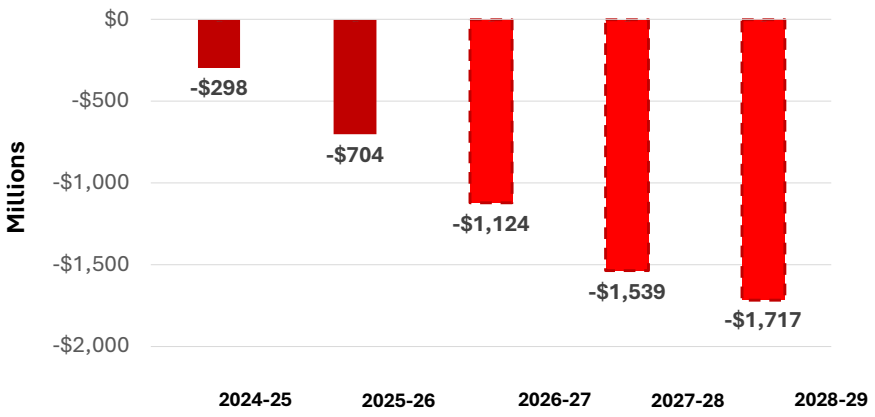
Ontario's universities have taken significant steps to cut costs and drive greater efficiencies.

- Universities have already implemented **nearly $1.28 billion in cuts** over the last few years by reducing programs, services, and staffing.
- Despite these cuts, the sector still faces a projected **$265 million annual deficit in 2025-26**, with deficits projected to rise in future years.

Federal 2025 budget changes to international researchers and students

- Federal measures to reduce the number of international students has reduced Ontario university revenue by more than **$300 million last year, $700 million this year, $1.1 billion next year, $1.5 billion in 2027-28 and $1.7 billion in 2028-29 – for a cumulative total of $5.4 billion over five years**.

Revenue Losses from Cuts to International Students



COU estimates nearly **$2.1B** in lost revenue for Ontario Universities by 2026-27 growing to **$5.4B** by 2028-29.

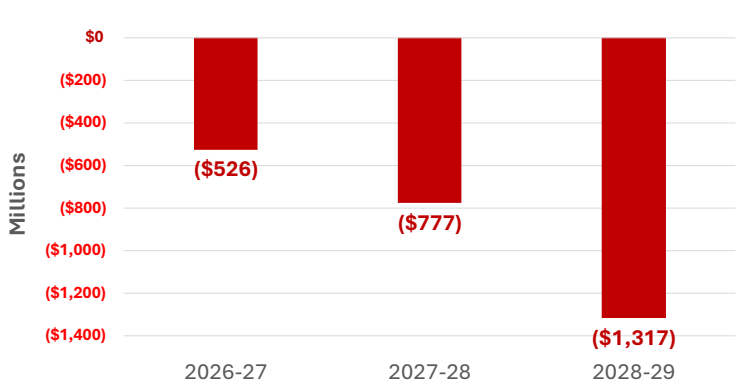
Note: Numbers for 2026-27, 2027-28, and 2028-29 are forecasts.
Source: Council of Ontario Universities, COFO and universities enrolment data.

At a time when the economy needs talent and innovation, sustained government investment is essential to ensure Ontario's universities can continue delivering the talent, research and innovation that drive economic growth and prosperity for the province.

The need is urgent, but the solution is clear: investing in universities is investing in Ontario's future prosperity.

Due to the 10% and freeze to tuition since 2019, declining real per student funding, and the cuts to international student visa permits, universities are estimated to face a budget shortfall of $1.3 billion by 2028-29. By comparison, universities spent a total of nearly $1.8 billion on student services in 2024-25, including support services such as mental health, career counselling and athletics.

Growing Budget Shortfalls at Ontario Universities



COU currently estimates a total **$2.6B budget shortfall** over the next three years, leading to deep cuts to programs and services

By comparison, universities spent nearly $**1.8B** on student services in 2024-25

Note: Total budget shortfall based on the end of one -time or time -limited funding (e.g., PSESF), tuition cut and freeze and no new funding for WGUs and enrolment growth.
Source: Council of Ontario Universities, Financial Impacts Survey, December 10, 2025

Despite their vital role, universities are restricted by broken funding levers that limit their ability to continue to innovate and develop the workforce of tomorrow, who will help our economy grow. Chronic university underfunding puts our students, industries and Ontario's economic future at risk.

That means fewer student services, fewer work-integrated learning opportunities, and reduced support for the technology transfer and start-up incubation programs that drive Ontario's innovation economy. Cuts like these risk weakening the very institutions that fuel a **strong Ontario**.

The Time to Act is Now

The role of universities isn't just about preparing students for the future – it's about shaping the future itself.

To ensure Ontario can compete, attract investment and create jobs, we need the institutions that can strengthen the industries, innovations and highly skilled talent that drive our economy.

Strong universities make a strong Ontario. Without them, employers struggle to find the talent they need, industries lose their edge, and communities lose critical anchors for growth and opportunity.

But today, that system is at risk. After years of underfunding and the cut and freeze to tuition, universities are facing a sustainability crisis that threatens Ontario's ability to protect its competitiveness and grow its economy.

Supporting the long-term financial sustainability of the sector must be the government's next step.

Now, more than ever, is the time for the provincial government to invest in the university talent, and research and innovation that Ontario needs to seize opportunities for protecting and growing Ontario's economy.

To ensure the financial sustainability of Ontario's universities, in addition to emphasizing additional efficiencies and cost-saving measures, we recommend that the provincial government

Increase base operating funding by $1.2 billion starting in 2026/27 growing to $1.6 billion by 2028-29 to enroll more Ontario students and drive innovation and economic growth.

Strong Universities for a Strong Ontario

As Ontario faces new challenges and opportunities, Ontario's universities stand ready as partners to ensure the province is not only protected today in the face of economic uncertainty, but positioned to lead in the industries that will define the province's future.

Universities will continue to do their part to maximize efficiency and value for money. But only government can provide the stable, predictable funding that will allow institutions to protect today's strengths and grow tomorrow's opportunities.

This is a pivotal moment for Ontario. By working together, we can protect the province's economic future while ensuring businesses and industries have the talent, research, and innovation they need to emerge stronger, more resilient and more competitive.

Together, we can **protect and grow Ontario's future** – for students, for communities, and for the economy.

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