

Principles for Higher Education and Immigration Policy

Policy Brief

March 22, 2024

Background:

International Student Policy Changes

Immigration is widely acknowledged to be a key element of Canada's past and future success and international students are an important part of the country's future labour force and society. However, in the face of rising infrastructure constraints – including pressures on housing, health care, and other services – the federal government recently announced an intake cap on international undergraduate study permit applications for the next two years. Immigration, Refugees and Citizenship Canada (IRCC) will only process a maximum of 606,250 study permit applications in 2024.¹ A total of 360,000 study permits are expected to be approved² – including 292,000 for undergraduate permits subject to the cap³ as well as permits for students exempted from the cap. This is a 35% decline from 2023 levels. The cap will be applied to each province and territory based on population size. Other elements of the change include:

- Each province or territory will be responsible for distributing their allocation to their respective learning institutions
- Study permit renewals, individuals pursuing master's or doctoral degrees, those pursuing elementary and secondary education, and study permit holders will not be impacted by the cap
- The cap will be in place for two years, and the number of visas to be issued in 2025 will be reassessed at the end of 2024
- Going forward, each study permit application will also require an attestation letter from provinces and territories and they are expected to establish a process for this by the end of March 2024
- Open work permits will only be available to spouses of international students in master's and doctoral programs
- The federal government also announced that all new international students enrolling in public-private programs (programs where public colleges license their curriculum to be delivered by private colleges) will no longer be eligible for post-graduation work permits.⁴

These changes are part of a broader plan from the federal government to restrict the number of temporary residents from 6.2% of the population to 5% over the next three years.⁵ 'Temporary residents' include international students as well as foreign workers hired through the Temporary Foreign Worker Program and International Mobility Program.

¹ <https://www.gazette.gc.ca/rp-pr/p1/2024/2024-02-03/html/notice-avis-eng.html#na1>

² <https://www.canada.ca/en/immigration-refugees-citizenship/news/2024/01/canada-to-stabilize-growth-and-decrease-number-of-new-international-student-permits-issued-to-approximately-360000-for-2024.html>;
<https://www.cbc.ca/news/politics/miller-cap-international-students-1.7090779>

³ <https://www.theglobeandmail.com/canada/article-international-student-cap-systems/>

⁴ <https://www.canada.ca/en/immigration-refugees-citizenship/news/notices/international-student-program-reform-more-information.html>

⁵ <https://financialpost.com/news/economy/canada-cap-temporary-residents-first-time>



Context: Financial Challenges of the Post-Secondary Education Sector

Changes to international study permits come in the wake of significant concerns around the long-term financial sustainability of post-secondary institutions (PSIs) in Ontario. PSIs in Ontario have been chronically underfunded. Direct provincial funding for domestic students at PSIs has been effectively frozen since 2017.⁶ Since then, colleges and universities have been subject to a fixed number of funded domestic students as well as fixed funding per student (a continuation of a policy predating changes in 2017). In 2019, PSIs were further subject to a 10% reduction and freeze in tuition rates. As of 2021-2022, relative to the rest of Canada, PSIs in Ontario receive 44% of funding per college student and 57% of funding per university student. Fiscal challenges due to limited funding have been further exacerbated by declining domestic student enrollment.⁷ Due to these conditions, PSIs (and colleges in particular) have been increasingly reliant on international students for tuition fee revenue. In 2022-2023, tuition from international students accounted for 44% of total revenue for colleges⁸ and 28% of operating funding for Ontario universities.⁹

Recent Announcements from the Ontario Government

The Ontario government recently announced close to \$1.3 billion in new funding over the next few years – including \$903 million towards a new Post-secondary Education Sustainability Fund.¹⁰ However, this falls well short of the \$2.5 billion that the blue-ribbon panel had recommended for increasing base funding for colleges and universities (which predated the recent changes related to international students). The province did give PSIs the ability to raise tuition for out-of-province domestic students by up to 5% in 2024-25, but otherwise announced the tuition freeze would continue for another three years.¹¹ Back in January, the province also introduced a moratorium on new public-private college partnerships.¹²

What's Next

Change in international student permits in Ontario

Immigration Minister, Marc Miller, has indicated that Ontario could expect to see around a 50% decrease in permits.¹³

⁶ Blue-Ribbon Panel on Postsecondary Education Financial Sustainability (<https://files.ontario.ca/mcu-ensuring-financial-sustainability-for-ontarios-postsecondary-sector-en-2023-11-14.pdf>)

⁷ <https://www150.statcan.gc.ca/n1/pub/36-28-0001/2023009/article/00003-eng.htm>

⁸ Colleges Ontario

⁹ Council of Ontario Universities

¹⁰ <https://toronto.ctvnews.ca/here-s-a-breakdown-of-what-the-doug-ford-government-is-changing-for-ontario-universities-and-colleges-1.6784151>

¹¹ <https://www.cbc.ca/news/canada/toronto/colleges-universities-funding-1.7125499>

¹² <https://www.cbc.ca/news/canada/toronto/ontario-moratorium-public-private-partnerships-colleges-1.7096184>

¹³ <https://www.qpbriefing.com/news/ontario-could-see-around-50-decrease-in-international-student-permits-miller>



Provincial attestation letters

Each province or territory is expected to have a process in place to get a provincial attestation letter by March 31, 2024.

- In the old system, students would apply for a student visa using their letter of acceptance and IRCC would then process the application.
- Under the new system, students would first have to apply for provincial attestation using their letter of acceptance and would need to use both their letter of acceptance AND the letter of attestation to apply for their student visa.

Five Principles for Guiding Higher Education and Immigration Policy

Today, Ontario's post-secondary education system is in a precarious position, putting at risk our ability to attract the best and brightest to boost Ontario's economic potential. Intersecting and often uncoordinated policies across all levels of government have contributed to this situation, including:

- An increase in the number of residents in Canada has not been matched by a commensurate rise in infrastructure capacity (in housing, health care, transit, etc.), and has added additional pressure to an already strained system.
- An unsustainable funding model for PSIs – limited government grants and frozen domestic tuition – has led them to increasingly rely on international students.
- The combination of high-quality PSIs and changes in immigration policy have contributed to an increased demand for student visas in Canada. New pathways to permanent residency since 2021 to address shortages in lower-skilled occupations¹⁴ and expansion of educational programs at colleges have increased the appetite for students to study and potentially stay in Canada.

These different policy areas are inextricably linked. Policies related to student visas, immigration, housing, and post-secondary education funding are all connected and span across various levels of government – making coordination a key element of success.

Going forward, action from both the provincial and federal governments must reflect the following public policy principles:

- **Prioritize 'raising living standards' as the primary objective for economic immigration:** Our economic stream of immigration must optimize for raising living standards – often measured

¹⁴ This includes a temporary worker to permanent residence pathway in 2021 for up to 90,000 essential workers in the midst of the pandemic and a more recent category-based selection invitation for those in occupations facing labour shortages; <https://www.canada.ca/en/immigration-refugees-citizenship/news/2021/04/new-pathway-to-permanent-residency-for-over-90000-essential-temporary-workers-and-international-graduates.html>; <https://www.canada.ca/en/immigration-refugees-citizenship/news/2023/09/canada-announces-first-ever-category-based-selection-invitations-for-newcomers-with-work-experience-in-transport.html>



through GDP per capita – by prioritizing highly-skilled workers trained for high-wage occupations. Policymakers must be wary of over-emphasizing immigration as a solution to labour shortages in low-wage occupations. Lower-skilled individuals are more susceptible to economic downturns and there is considerable room to enable and empower the existing pool of underutilized labour here in Canada to fill these roles.¹⁵ It's important to note that immigration is but one tool that can be used to address these gaps – others include stronger HR practices and automation. Where immigration programs are used to address these shortages, more must be done to ensure newcomers can transition into these roles.

- **Avoid the use of blunt policy tools:** While the federal government has already initiated its plan for a cap, going forward it must consider other tools at its disposal to reduce the demand for student visas that are less blunt. This includes further reducing off-campus work while studying, narrowing the scope of post-graduation work permits to those offered high-wage jobs, and requiring accountability agreements between PSIs and their recruiting agents, among other policy ideas.
- **Take a strategic and outcomes-based approach to allocate permits:** Currently, the federal cap on student visas is being applied to provinces and territories based on their population size, without being targeted to those the federal government is most concerned about. The province of Ontario should consider taking a more strategic approach that recognizes institutional performance, quality of international students, labour market needs, and student support. This could include using annual reporting and quality data submitted to the province regularly by each institution. Outcomes and results-based metrics must be among the key considerations the Ontario government makes in distributing the allocated permits, to ensure that allocations are made based on their impact on the broader ecosystem.
- **Increase clarity and transparency for new processes:** Universities and colleges must be given clarity on the allocation method within the province as early and with as much transparency as possible to enable institutions to prepare for the new processing system to progress. Given the new steps prospective students must navigate related to letters of attestation, they will also need to get information sooner to reduce the potential for disruption for the next school year. The Board suggests that considering the existing financial pain being felt in the post-secondary education system and the expected impact from a lower number of international students, the province simplifies the attestation process as much as possible to allow colleges and universities to determine who to grant attestation letters to.
- **Protect and empower Ontario's post-secondary education system:** Colleges and universities were already in a precarious position before the caps were put into place. The recently announced \$1.3B in support provided by the province of Ontario will not sufficiently address prior underfunding and the cap will likely further impact their fiscal sustainability. The Board continues to voice its support for an approach by government that prioritizes predictable and sustainable resourcing of our publicly funded post-secondary institutions, as outlined by

¹⁵ https://www.cdhowe.org/sites/default/files/2023-11/Commentary_648.pdf



the following measures recommended by the blue-ribbon panel in the report *'Ensuring Financial Sustainability for Ontario's Postsecondary Sector'*:

- An immediate increase of 10% in per student funding for colleges and universities applied in 2024-2025 and indexed over time.
- A multi-year tuition framework starting in 2024-2025, with a one-time increase of 5% for general programs and subsequent increases each year.
- An additional increase in tuition in 2024-25 of 3% for professional programs in universities and high-demand programs for colleges.
- Elimination of the 15% enrollment cap on high-demand programs for colleges.
- Lifting the cap on domestic student enrollment for Ontario universities to ensure universities can enroll more Ontario students to fuel the talent pipeline and meet growing demand from Ontario high school students.
- Leveraging federal research funds by providing competitive matching funds for Ontario post-secondary education institutions.

Additionally, the province should look to revisit the Public College-Private Partnerships model to ensure a stronger framework is in place that rewards quality and good outcomes and restricts bad actors, whilst providing a strong oversight role in the sector.

