

Ontario's publicly funded colleges posted significant operating surpluses last year

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Ontario's publicly funded colleges recorded hundreds of millions of dollars in operating surpluses last year thanks in large part to tuition fees paid by Indian international students, one of the key financial relationships at risk as the diplomatic crisis between Ottawa and New Delhi deepens.

All but one of Ontario's 24 public colleges posted an operating surplus for the year that ended in March. The largest surplus, at \$106-million, was recorded by Kitchener-based Conestoga College, with the average slightly more than \$27-million across the system, according to audited financial statements released earlier this year. Sheridan College was the only one to record a small operating deficit.

The excess revenue stems mainly from international tuition fees. Domestic full-time students pay about \$2,726 on average, according to Colleges Ontario, compared with an average international tuition of about \$14,300 per year. Colleges receive a per-student subsidy for domestic students from the provincial government, but not for international students.

The postsecondary system has become particularly reliant on Indian tuition payments – a lucrative relationship that has allowed colleges to compensate for a provincially-mandated domestic tuition freeze and

low levels of government funding. They've been able to more than balance their budgets, and the additional revenue has spurred capital and program expansion.

But it is unclear what will happen to the flow of students from India after Prime Minister Justin Trudeau's bombshell allegation last week that agents of that country's government may have been involved in the killing of Hardeep Singh Nijjar, a Canadian citizen. Ottawa has since reduced its diplomatic mission in New Delhi, and India has warned students of what it sees as threats to their security in Canada.

Ontario's Auditor-General had already warned in 2021 that the college system's dependence on India left it vulnerable to geopolitical shifts. That year, nearly two-thirds of international students at Ontario colleges hailed from the country.

Student groups have criticized colleges for taking excessive profits, including in a campaign earlier this year that asked, "Is it need or greed?"

Adaeze Mbalaja, national representative for the Canadian Federation of Students in Ontario, said international students are being used to fill gaps. They're paying four to five times more in tuition to compensate for inadequate provincial funding, she said.

"In no way should international students really be funding our institutions like that. It is so wrong. It speaks to the exploitation that they are facing," Ms. Mbalaja said.

Data show that Ontario colleges, which received about 40 per cent of all study visas in 2022, are the dominant international recruiting sector in Canada. Even top research institutions such as McGill University, the University of Alberta and the University of Montreal trail the middle rank of Ontario colleges when it comes to the number of permits issued. When schools across the country are ranked by study permit totals, Ontario colleges hold 14 of the top 20 spots.

Conestoga had the highest number in Canada, with more than 24,000 permits, followed by Centennial College and Seneca, both located in Toronto, with more than 16,000 each. (The University of Toronto, by comparison, had about 14,400.) The three colleges also posted the largest operating surpluses in the 2022-23 academic year: \$106-million at Conestoga (on \$601-million in revenue), \$62-million at Seneca (on \$579-million in revenue) and \$55-million at Centennial (on \$467-million in revenue).

Only a few colleges break down their publicly reported tuition income to differentiate between international and domestic students, but the trend from those reports is clear. Cambrian College, for example, took in \$107-million in international tuition last year, compared with \$14-million from domestic students. Canadore College said it took in \$131-million from international students and \$14-million in domestic fees.

Conestoga collected \$389-million in tuition from all sources last year, up from \$280-million the year before and \$64-million in 2015-16. In 2016, when its international enrolment began to take off, the college ran a modest \$3.9-million surplus. Over the next seven years, its average surplus was \$41-million a year. By March of this year, Conestoga had accumulated \$682-million in cash and equivalents, according to its financial statements, up from about \$16-million in 2016.

In a statement, Conestoga said its surplus is being redirected to what it calls “an aggressive campus renewal and campus expansion plan.” Conestoga will soon open two new locations in Milton and one in downtown Guelph, having expanded its offerings to eight communities in Southern Ontario. The college has spent \$300-million to \$400-million since 2019 on its expansion and said it plans to spend three to four times more on capital expansion over the next decade.

Earlier this year, Colleges Ontario, the association that represents the publicly funded colleges, expressed its disappointment with the provincial government for extending the freeze on domestic tuition fees for a fourth year, saying it hurt their ability to deal with cost pressures.

Ontario Minister of Colleges and Universities Jill Dunlop and Colleges Ontario president Marketa Evans were not available for interviews.

Ravi Jain, co-chair of the Canadian Immigration Lawyers Association, said the colleges are taking a “greedy” approach to international students. Some students arrive deeply in debt, and need to work to support themselves and feel tremendous pressure to obtain permanent residency, which is often their principal objective, he said.

The colleges are “making huge, huge profits. And really, the victims here are the students,” Mr. Jain said.

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