



News Release

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Ontario Universities Place High Reliance on Revenue from International Students for Financial Sustainability: Auditor General

(Toronto) Overreliance on international students could put the financial health of the Province's 23 public universities at risk, Auditor General Bonnie Lysyk says in her *2022 Annual Report* tabled today in the Legislature. Relying heavily on international student fees makes universities more susceptible to steep and sudden drops in revenue that could result when global circumstances and federal immigration policies change, and international student intake declines.

"Because of the reduction and freeze on domestic tuition in Ontario and lower domestic per university student funding in Ontario compared to the rest of Canada, the universities are turning towards international student revenue for financial sustainability," Lysyk said. "While attracting more post-secondary students to Ontario is positive, universities need to adjust recruitment strategies by diversifying the populations targeted to lessen the inherent risks." Lysyk added that the Ministry of Colleges and Universities, while responsible for ensuring post-secondary institutions offer high quality education to all deserving students, has no clear strategy or long-term vision for the post-secondary sector in Ontario.

The report looks at how effectively four small- to medium-sized universities are fulfilling those objectives in the wake of the financial decline of Laurentian University and its unprecedented decision to file for creditor protection in 2021. The audit reviewed financial operations at Algoma University, Nipissing University, Ontario Tech University and the University of Windsor. "Based on work we noted that each of these universities were financially sustainable at the time of our audit. Also, unlike Laurentian University, all of these universities cooperated with our Office and provided all information requested. They were open to discussion and were receptive to our recommendations," said Lysyk.

The report notes that in the face of significant long-term debt, the universities did not always establish or follow policies limiting external financing. We found that Ontario Tech University and the University of Windsor did not have formal debt management policies, while Nipissing University and Algoma University had debt policies, they would have exceeded limits if the new debt policies were applied retroactively. Additionally, the report found that all four universities did not develop comprehensive business cases for all capital projects to help their Boards decide whether the projects warranted the investment.

The report also notes deficiencies in the Ministry's procedures to monitor universities' financial conditions. For instance, the Ministry does not have a formal process that fully utilizes the financial health information it collects from universities each year. Even if it does discover financial conditions are poor or deteriorating, the Ministry does not have the legislated authority to intervene unilaterally in the operation of a publicly assisted university.

“The government must be able to see clearly how taxpayer-funded universities are faring, and step in when an institution needs help,” Lysyk said. “That’s the kind of oversight that ultimately benefits university students, faculty, staff and the communities where we have universities.”

The audit report includes 21 recommendations for improvement.

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Read the report at www.auditor.on.ca

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