

Policy Note | December 2023

Due for a demographic dilemma:

What a rebound in young adults means for post-secondary education in Northern Ontario

By: William Dunstan



This report was made possible through the support of our partner, Northern Ontario Heritage Fund Corporation. Northern Policy Institute expresses great appreciation for their generous support but emphasizes the following: The views expressed in this report are those of the author and do not necessarily reflect the opinions of the Institute, its Board of Directors or its supporters. Quotation with appropriate credit is permissible.

Author's calculations are based on data available at the time of publication and are therefore subject to change.

Editor: Gisele Regimbal

© 2023 Northern Policy Institute
Published by Northern Policy Institute
874 Tungsten St.
Thunder Bay, Ontario P7B 6T6
ISBN: 978-1-77868-118-9

Executive Summary

Over roughly the past decade, Canadian colleges and universities significantly increased international student enrolment to compensate for a decline in domestic enrolment. This decline resulted from a shrinking population of young adults, as well as decreased public funding. Within the next decade or so, however, the 18 to 21 age group will begin to grow again in many parts of Canada – including Northern Ontario. This will increase competition for places at Northern Ontario's colleges and universities and put financial pressure on these post-secondary institutions (PSIs).

Between 2021 and 2034, the number of 18- to 21-year-olds in Northern Ontario is projected to increase by 13 per cent. Factoring in projected growth across the province, Northern Ontario PSIs are likely to see a 15 per cent plus increase in domestic applications. The trouble is that under current funding arrangements, these institutions have no financial incentive to increase enrolment by more than three per cent. Because international students typically pay five times the tuition of domestic students, PSIs also have a financial disincentive against reducing international enrolment to create room for a growing domestic population of young adults.

In Northern Ontario, schools might also need to choose between Northern Ontario students and Southern Ontarians. Since northern PSIs tend to have lower admissions requirements, they are likely to become more popular with Southern Ontario students who cannot gain admission to increasingly competitive local schools.

Demographics will leave Ontario with difficult choices. Taxpayers can pay to fund more seats at colleges and universities, or these seats will become more competitive and harder to access for local youth. Absent increased funding, PSIs will need to choose between admitting fewer local applicants or finding a way to make up for lost international student revenue.

It is not unlikely that future student bodies at Northern Ontario PSIs will increasingly be composed of students from Southern Ontario and abroad. For Northern Ontario PSIs to remain vehicles for strengthening local economies and communities, investments will be needed either in PSIs or in post-graduation retention efforts.

Introduction

In an October 2022 blog post, Alex Usher, an internationally recognized expert in post-secondary planning and funding, argues that shifting demographics will force many post-secondary institutions (PSI) to make difficult choices between international and domestic students. In brief, over the past decade, Canadian colleges and universities significantly increased international student enrolment to compensate for a decline in domestic enrolment that had resulted from a shrinking population of young adults, as well as decreased public funding. But within the next decade or so, the 18 to 21 age group will begin to grow again in many parts of Canada. Consequently, many Canadian PSIs will have to choose not “between an international student and an empty seat” but instead “whether they want to take a domestic student or an international one” (Usher 2022).

This is set to be the case in Northern Ontario too. Northern Ontario will see a significant increase in its 18 to 21 population over the next 10 to 15 years. This demographic rebound will occur just as many local PSIs have significantly increased international student enrolments. In addition, the interaction between demographics and post-secondary funding could create a situation where colleges and universities in Northern Ontario also see an influx of applications from Southern Ontario. Demographics are poised to create quite the dilemma for higher education in Northern Ontario.

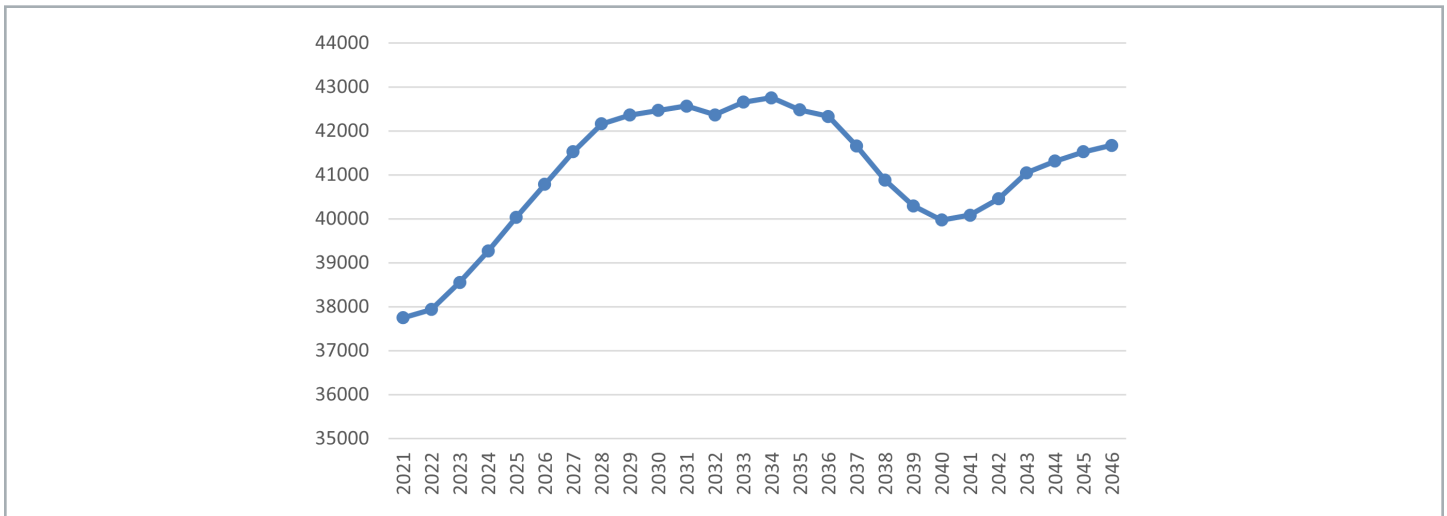


Northern Ontario's demographics

Like much of Canada, Northern Ontario can expect a rebound in its young adult population. The Ontario Ministry of Finance (2022) has published demographic projections for Ontario until the year 2046. Figure 1

shows the projected total of people aged 18 to 21 in the 11 census divisions that make up Northern Ontario.¹ This is the prime age range for college and university undergraduate students.

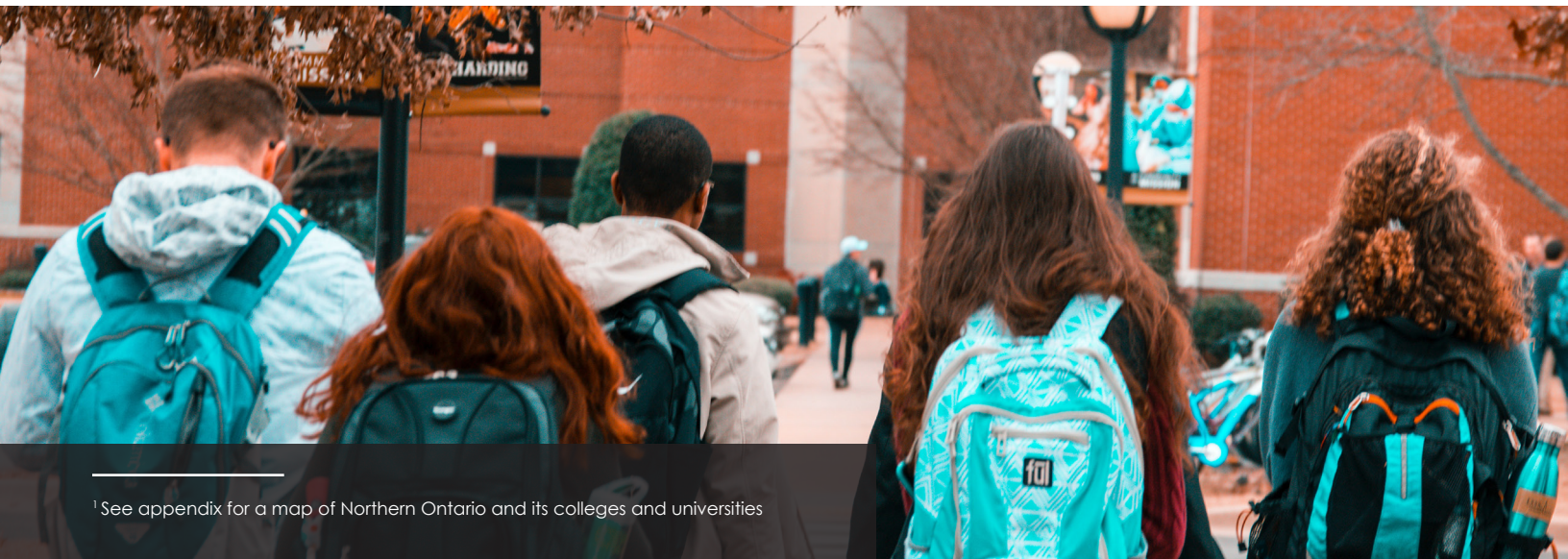
Figure 1: Projected number of 18- to 21-year-olds in Northern Ontario



Source: Author's calculations. Ontario Ministry of Finance (2022).

As seen in Figure 1, the number of 18- to 21-year-olds in Northern Ontario was 37,746 in 2021 but is expected to reach 40,000 by 2025. This demographic is expected to remain above 40,000 throughout the 2030s and will peak at 42,754 in 2034, representing a 13 per cent increase from 2021. At no point in the foreseeable future is the number of 18- to 21-year-olds expected to decline to 2021 levels.

Across Ontario, the 18- to 21-year-old population is projected to increase every year through 2046 (Ontario Ministry of Finance 2022). While the 18 to 21 demographic in Northern Ontario is expected to grow by 13 per cent between 2021 and 2034, this demographic is expected to grow by 19 per cent over the same period across all of Ontario.



¹ See appendix for a map of Northern Ontario and its colleges and universities

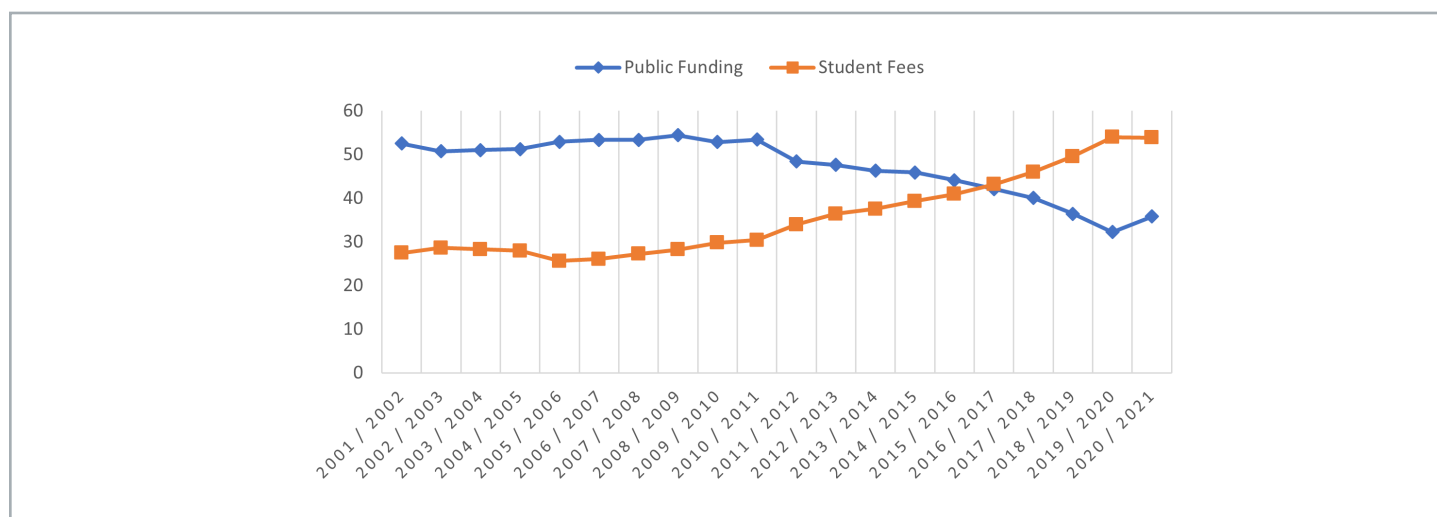
Northern Ontario's colleges and universities, and who attends them

Ontario's central, western, and northern regions – the area commonly referred to as “Northern Ontario” – are home to seven public universities² and six public colleges.³ In 2020-21, Northern Ontario's universities had approximately 18,000 enrolled students. That same year, Northern Ontario's colleges had approximately 27,000 enrolled students. Northern Ontario is also home to five Indigenous institutes. Indigenous institutes operate in a very different context from colleges and universities in terms of funding, enrolment trends, and international students. Therefore, as the trends discussed may not be applicable to these institutes, this piece will focus only on colleges and universities.

The first factor to consider in predicting demand for Northern Ontario's colleges and universities is the fact that not all students at these schools come from Northern Ontario; nor do all post-secondary students from Northern Ontario attend school in the North. While there is little publicly available data regarding what part of Ontario students at Ontario PSIs come from, Leadbeater and Kiernan (2021) obtained relatively recent statistics for universities. Of all first-year undergraduate students from Ontario who attended Algoma, Lakehead, Laurentian, or Nipissing universities in the fall of 2015, 45 per cent were from Northern Ontario. Sixty-three per cent of first-year university students from Northern Ontario studied at one of the four schools. In short, most university students from Northern Ontario stay in the North for their studies, but northern universities draw slightly more than half of their Ontario students from the South.

While students from Ontario have historically accounted for most admissions, a growing number of students at Northern Ontario's colleges and universities are international students. This influx of international students has allowed PSIs to close the financial gap created by decreased public funding. Although the provincial government caps tuition for domestic students, it imposes few regulations on tuition for international students. Ontario's colleges and universities have compensated for declining public funding by charging high tuition fees to a rapidly growing number of international students. At Ontario universities, for example, the average annual tuition fee for Canadian undergraduate students in Ontario was \$7,850 in 2021-22 (Statistics Canada 2022c). International students in Ontario paid, on average, \$41,744 – more than 5 times more. As shown in Figures 2 and 3, student fees have replaced public funding as the largest single source of revenue for Ontario's colleges and universities – and this increase in student fees was driven mostly by increased international enrolment over the past decade (Statistics Canada 2022d). It should be mentioned that decreased public funding on PSIs has not been limited to the undergraduate level. Canada is the only G7 country whose public spending on research declined as a proportion of GDP between 1999 and 2019 (Owens 2022).

Figure 2: Percentage of total revenue from student fees and public funding, Ontario colleges, 2001/02 to 2020/21

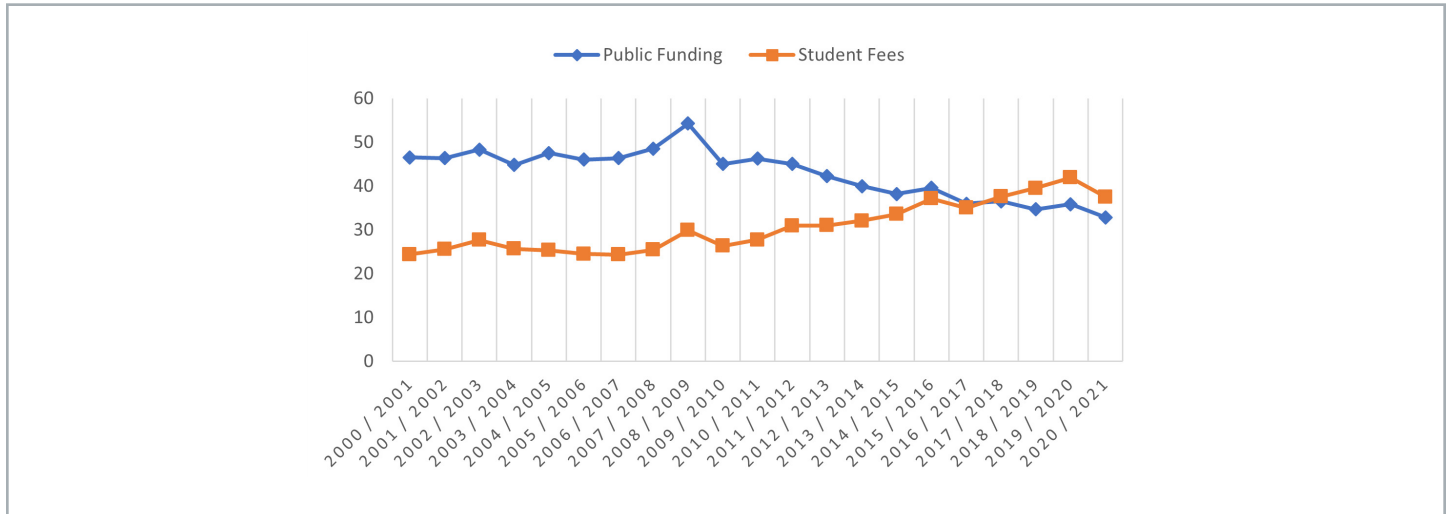


Source: Statistics Canada (2022b)

² Algoma University, Lakehead University, Laurentian University, Nipissing University, Northern Ontario School of Medicine University, Université de Hearst, and Université de Sudbury. There is limited data available regarding international enrolment and tuition revenue at NOSM U and Université de Sudbury, so these schools are not discussed in some areas of this policy note.

³ Cambrian College, Canadore College, Collège Boréal, Confederation College, Northern College, and Sault College.

Figure 3: Percentage of total revenue from student fees and public funding, Ontario universities, 2000/01 to 2020/21

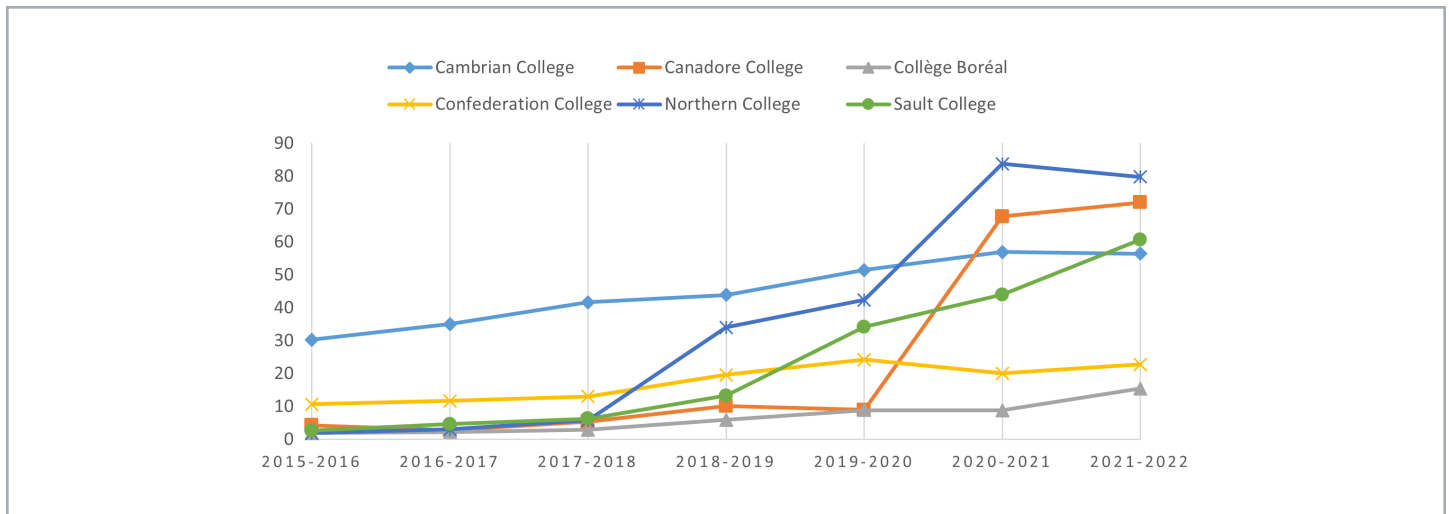


Source: Statistics Canada (2022a)

Figure 4 shows the percentage of students at each Northern Ontario college who were on student permits or visas between 2015-16 and 2021-22. This percentage has increased by at least 90 per cent at all six colleges. At two

colleges, Canadore and Northern, international students have gone from less than 5 per cent of the student body in 2015-16 to more than two-thirds in 2021-22.

Figure 4: Percentage of students on student permits/visas, Northern Ontario colleges, 2015-16 to 2021-22

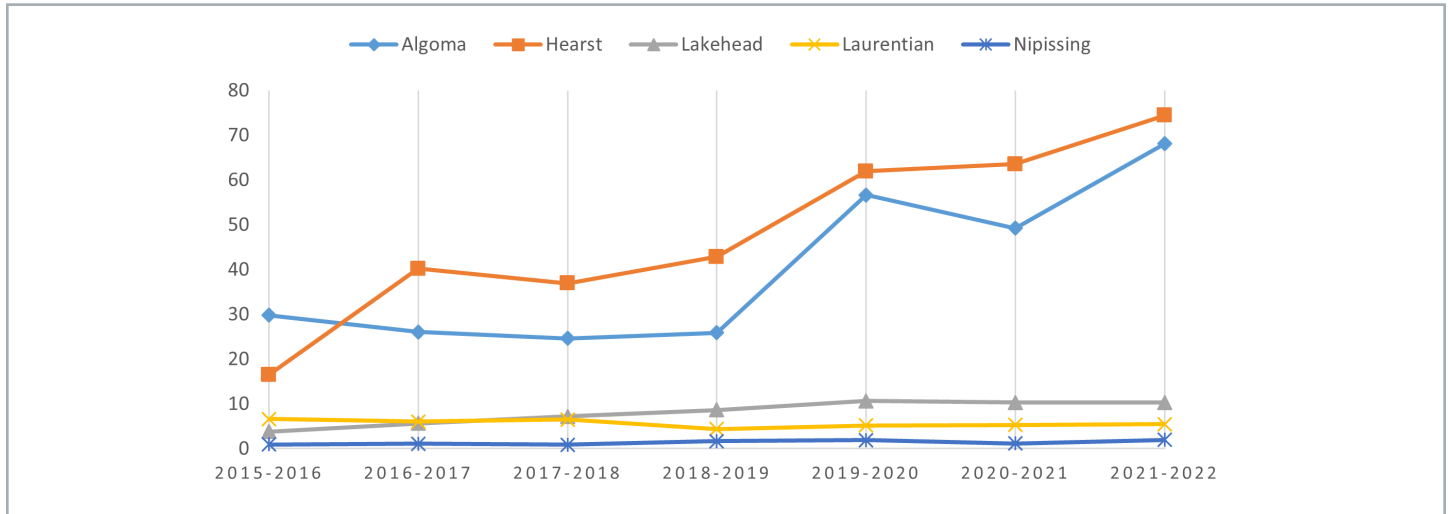


Source: Author's calculations. Ontario Ministry of Training, Colleges, and Universities (2023a).

Figure 5 shows the percentage of undergraduates at Northern Ontario universities that were international students from 2015-16 to 2021-22. Figures for Nipissing and Laurentian remain largely constant. Algoma, Hearst, and to a lesser extent Lakehead, however, experienced large increases in their share of international students. At Nipissing, Laurentian, and Lakehead,

international students make up approximately 10 per cent or less of undergraduates. At Algoma and Hearst, international students represented 68 and 74 per cent of undergraduates in 2021-22, respectively. Additionally, it should be noted that at both universities and colleges, international student numbers vary by program.

Figure 5: Percentage of undergraduates that are international students, Northern Ontario universities, 2015-16 to 2021-22

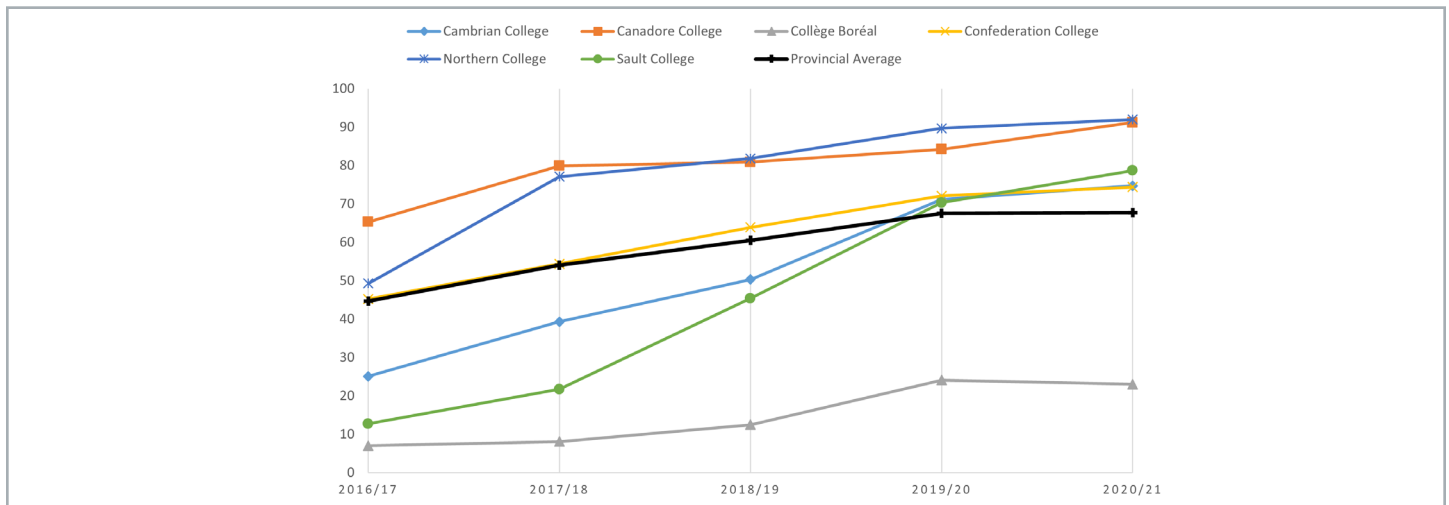


Source: Author's calculations. Ontario Ministry of Training, Colleges, and Universities (2023c).

As mentioned earlier, this increase in international student numbers translates into an even greater contribution to total tuition revenue. Figure 6 illustrates how the share of tuition revenue that comes from international students has increased at Northern Ontario colleges between

2016-17 and 2020-21.⁴ At Sault College, for example, international students represented 44 per cent of the student body in 2020-21 but contributed 79 per cent of tuition revenue.

Figure 6: Share of total tuition revenue received from international students, Northern Ontario colleges, 2016-17 to 2020-21



Source: Office of the Auditor General of Ontario (2021)

Institution-specific figures are not readily available for universities; however, data available regarding Ontario universities in general allows one to make rough estimates. As mentioned earlier, international students in Ontario pay, on average, five times more in tuition than their domestic counterparts. Further, recall the data from Figure 5. At Northern Ontario universities, international students represent between 2.0 (Nipissing) and 74.4

(Hearst) per cent of the undergraduate student body. If one assumes that international students pay five times the tuition fees of Canadian students, international students will contribute 9.3 per cent of tuition revenue at a university where they represent 2.0 per cent of students. At a university where 74.4 per cent of students are international, they will contribute 93.6 per cent of revenue.

⁴At some colleges, international student tuition revenue includes revenues from partnerships with private career colleges. The recent rise of private career colleges is an important topic, but further discussion is beyond the scope of this piece.

What do these trends mean for Northern Ontario?

Demographic trends will likely fuel a rebound in domestic applications to Northern Ontario's colleges and universities over the next 10 to 15 years. As mentioned earlier, Northern Ontario and the province as a whole will see their 18 to 21 cohort increase by 13 and 19 per cent, respectively, by 2034. Assuming that – in line with 2015 first-year student numbers for universities – northern institutions receive close to an even number of applications from Northern and Southern Ontario, they could realistically see a 15 per cent increase in domestic applications over the next decade or so.

This would create a financial dilemma for PSIs. A portion of the government funding received by colleges and universities in Ontario is determined by the number of students enrolled. Critically, however, schools only receive additional funding for additional students until a certain point. The Ministry of Training, Colleges, and Universities (2021) establishes a baseline number for each institution according to recent enrolment figures. A school stops receiving additional funding once the number of students exceeds that baseline by 3 per cent. This means that as northern PSIs likely face a 15 per cent increase in demand from Ontario students, they will have little financial incentive to increase domestic admissions by more than 3 per cent. Further, under the current funding model, Ontario PSIs have no financial incentive to make space for low tuition-paying Canadian students by reducing their intake of high tuition-paying international

students.⁵ As Usher (2022) explains, when domestic enrolment was shrinking, PSIs could truthfully claim that increased international student admissions were not denying opportunities to Canadians. In Northern Ontario, that is unlikely to be the case for much longer. Conflict between domestic and international enrolments will be particularly severe for programs that are popular with both Canadian and international students.

In fact, there is reason to believe that northern PSIs might face a second admissions-related dilemma. Northern Ontario's universities have lower admissions requirements than many major universities in Southern Ontario (Maclean's 2018). If the number of spots available at Ontario universities remains mostly stagnant while the population of prime undergraduate-age Ontarians increases by 19 per cent by 2034, university admissions in Ontario are likely to become more competitive. Many students from Southern Ontario who are unable to gain admission to local universities could opt to attend less competitive schools in the North. Considering the number of Southern Ontario students who already attend northern universities, there are clearly many students who are willing to move north for school. Consequently, northern universities could face not only pressures to admit international students at the expense of Canadian students, but also to admit Southern Ontarians at the expense of Northern Ontarians.



⁵In a follow-up to the demographics piece, "The Alternative to International Students", Alex Usher argues that unless Ontario PSIs receive increased government funding, the only way they can afford to reduce their intake of international students is by cutting costs. This would likely require cuts to student services and the closure of smaller classes and programs – something Usher notes would be especially difficult to do at PSIs in Northern Ontario where it is already difficult to achieve revenue-generating class sizes.

Policy Considerations

How can governments and community actors address this looming demographic dilemma? To preserve Canadian students' access to Ontario PSIs, the provincial government could increase the cap on enrolment-based funding proportional to upcoming increases in Ontario's population of 18- to 21-year-olds. A 15 per cent plus increase to enrolment-based funding would be costly, however, and therefore may not be an option that policymakers pursue.

If the provincial government does not increase enrolment-based funding and Northern Ontario's colleges and universities go the route of selecting classes increasingly composed of international students and Southern Ontarians, efforts to retain these students in northern communities post-graduation will be vital.⁶ Northern PSIs can be vehicles for strengthening Northern Ontario's economy and communities, but only to the extent that students live and work in the North after graduating. Communities that are currently striving to increase international student retention may soon find that similar efforts are needed to retain a growing number of students from Southern Ontario.

If the Ontario government is unwilling to bear the cost of increased enrolment-based funding, it could pursue a more targeted policy to promote graduate retention in Northern Ontario communities. Specifically, the government could offer modest tuition reimbursements to students at northern PSIs if they live and work in Northern Ontario for a certain length of time post-graduation. This would be a similar concept to the Ontario Learn and Stay Grant, which offers tuition reimbursements to new health care workers who start their careers in underserved rural and remote communities (Ontario Ministry of Training, Colleges and Universities 2023).



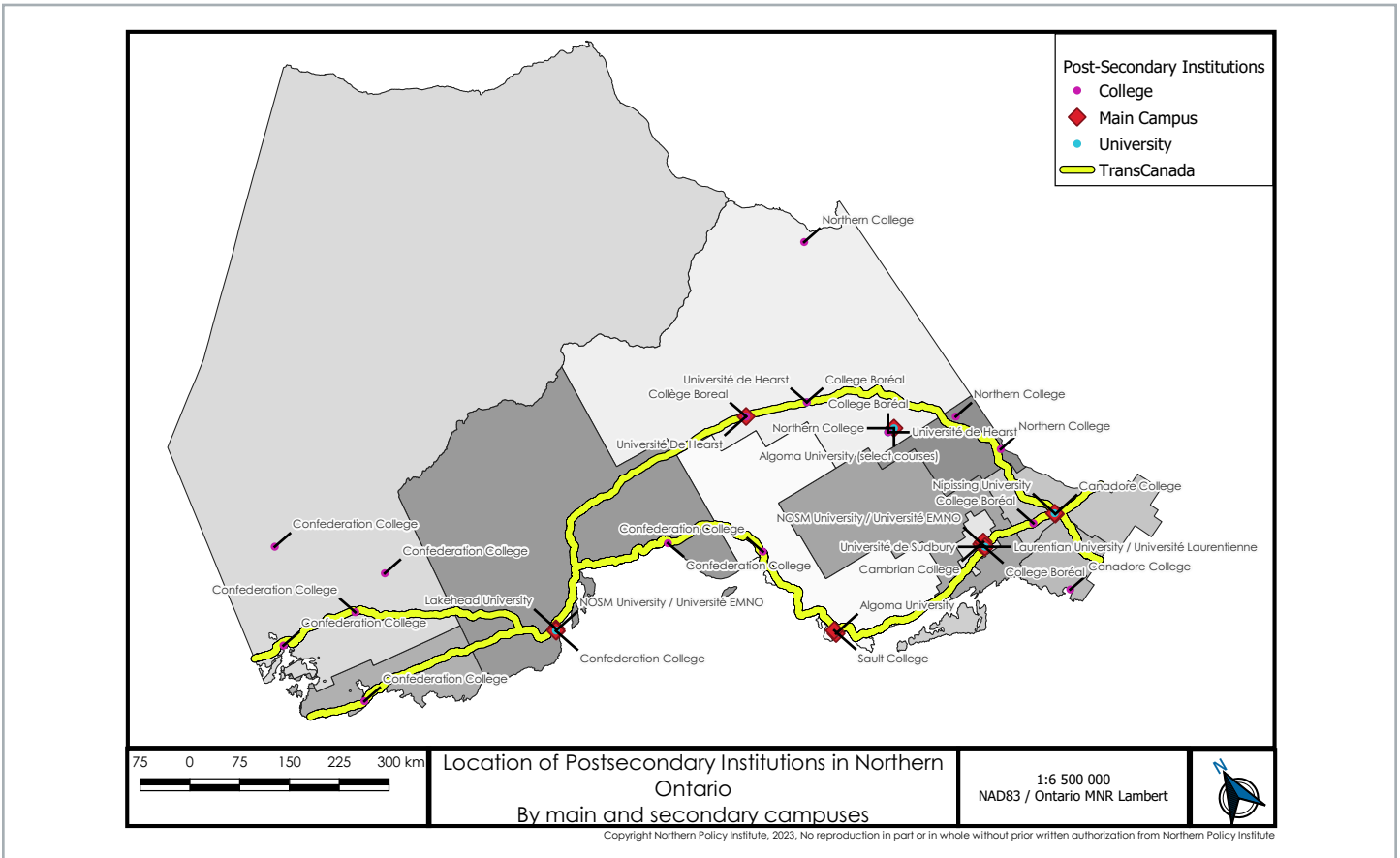
⁶"Retention" efforts are likely to be further hampered by the fact that a growing number of students enrolled at Northern Ontario PSIs do not, in fact, attend school in Northern Ontario. Many international students move not to Northern Ontario communities, but instead to communities in Southern Ontario where northern PSIs have established satellite campuses. In 2021-22, the majority of students enrolled at Algoma University, Northern College, and Canadore College were enrolled at campuses in the Greater Toronto Area (Ontario Ministry of Training, Colleges, and Universities 2022a; 2022c).

Conclusion

It is clear that the era of the shrinking 18- to 21-year-old cohort is ending in Northern Ontario. It is less clear how Northern Ontario's colleges and universities will navigate the challenges created by a rebound in domestic demand. Northern PSIs can expect increased demand from Northern Ontario, Southern Ontario, and international students – but perhaps not the funding for extra seats.



Appendix: Map of Northern Ontario and its colleges and universities



References

- Leadbeater, David, and Caitlin K. Kiernan. 2021. "Decline and crisis in Ontario's Northern universities and Arts education." Canadian Centre for Policy Alternatives. https://policyalternatives.ca/sites/default/files/uploads/publications/Ontario%20Office/2021/09/Decline%20and%20crisis_FINAL_Sept%201%202021.pdf.
- Maclean's. 2018. Canadian universities: minimum entering grades by faculty. April 10. Accessed November 4, 2022. <https://www.macleans.ca/education/canadian-universities-minimum-entering-grades-by-faculty/>.
- Office of the Auditor General of Ontario. 2021. "Value-for-Money Audit: Public Colleges Oversight." https://www.auditor.on.ca/en/content/annualreports/arreports/en21/AR_PublicColleges_en21.pdf.
- Ontario Ministry of Finance. 2022. Population projections. Accessed November 4, 2022. <https://data.ontario.ca/dataset/population-projections>.
- Ontario Ministry of Training, Colleges and Universities. 2021. College and University Strategic Mandate Agreements, 2020-2025. Accessed November 4, 2022. <https://www.ontario.ca/page/college-and-university-strategic-mandate-agreements-2020-2025>.
- . 2023a. College enrolment. Accessed July 4, 2023. <https://data.ontario.ca/dataset/college-enrolment>.
- . 2023b. Ontario Learn and Stay Grant. Accessed February 28, 2023. <https://www.ontario.ca/page/ontario-learn-and-stay-grant>.
- . 2023c. University enrolment. Accessed July 4, 2023. <https://data.ontario.ca/dataset/university-enrolment>.
- Statistics Canada. 2022a. Table 37-10-0026-01 Revenue of universities by type of revenues and funds (in current Canadian dollars) (x 1,000). Accessed July 4, 2023. <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3710002601>
- . 2022b. Table 37-10-0028-01 Revenues of colleges by type of revenues and funds (in current Canadian dollars) (x 1,000). Accessed July 4, 2023. <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3710002801>.
- . 2022c. Table 37-10-0045-01 Canadian and international tuition fees by level of study (current dollars). Accessed November 4, 2022. <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3710004501>.
- . 2022d. Trends in private and public funding in Canadian colleges, 2019/2020. January 20. Accessed November 4, 2022. <https://www150.statcan.gc.ca/n1/daily-quotidien/220120/dq220120c-eng.htm>.
- Usher, Alex. 2022. Demography is Not Destiny, But.... October 31. Accessed November 4, 2022. <https://higheredstrategy.com/demography-is-not-destiny-but/>.

Related Research

Insight Series: Dollars and Degrees, December 2022

Samrul Aahad

COVID-19: International Student, April 2020

Hilary Hagar

A University for Timmins? Possibilities and Realities. November 2017

Dr. Ken Coates

Land Acknowledgment

NPI would like to acknowledge the First Peoples on whose traditional territories we live and work. NPI is grateful for the opportunity to have our offices located on these lands and thank all the generations of people who have taken care of this land.

Our main offices:

- Thunder Bay on Robinson-Superior Treaty territory and the land is the traditional territory of the Anishnaabeg and Fort William First Nation.
- Kirkland Lake is on the Robison-Huron Treaty territory and the land is the traditional territory of Cree, Ojibway, and Algonquin Peoples, as well as Beaverhouse First Nation.
- Each community is home to many diverse First Nations, Inuit, and Métis Peoples.

We recognize and appreciate the historic connection that Indigenous peoples have to these territories. We support their efforts to sustain and grow their nations. We also recognize the contributions that they have made in shaping and strengthening local communities, the province, and Canada.

President & CEO

Charles Cirtwill

Board of Directors

Florence MacLean
(Chair)
Kim Jo Bliss
(Vice Chair Northwest)
Dwayne Nashkawa
(Vice Chair Northeast)
Pierre Riopel (Treasurer)
Charles Cirtwill
(President & CEO)
Cheryl Brownlee
Dr. Harley d'Entremont

Ralph Falcioni
Christine Leduc
Dr. Michele Piercey-Normore
Eric Rutherford
Douglas Semple
Marianne Sutherland
Brian Vaillancourt
Wayne Zimmer

Advisory Council

Michael Atkins
Johanne Baril
Martin Bayer
Pierre Bélanger
Chief Patsy Corbiere
Katie Elliot
Neil Fox
Shane Fugere

George Graham
Gina Kennedy
Winter Dawn Lipscombe
Dr. George C. Macey
John Okonmah
Bill Spinney
Dr. Brian Tucker

Research Advisory Board

Dr. Heather Hall (Chair,
NPI Research Advisory Board)
Dr. Hugo Asselin
Dr. Clark Bannack
Riley Burton
Dr. Ken Carter
Kim Falcigno

Dr. Katie Hartmann
Carolyn Hepburn
Dr. Peter Hollings
Brittany Paat
Dr. Barry Prentice
Dr. David Robinson
Dr. David Zarifa

To stay connected or get involved, please contact us at:

info@northernpolicy.ca www.northernpolicy.ca

