

January 8, 2026

The Honourable Peter Bethlenfalvy
Minister of Finance
c/o Budget Secretariat
Frost Building North, 3rd Floor
95 Grosvenor Street
Toronto, Ontario
M7A 1Z1

CC:

Deputy Minister David Wai
Minister Nolan Quinn

RE: OUSA's Written Submission for the 2026 Budget Consultations

Dear Minister Bethlenfalvy:

Please accept the Ontario Undergraduate Student Alliance's (OUSA) 2026 budget consultation submission. OUSA is an organization that advocates for the interests of over 160,000 full- and part-time undergraduate and professional students across nine member schools, and strives for an affordable, accessible, accountable, high-quality, and equitable post-secondary education system.

The province is navigating a turbulent period, as threats to our economy risk the viability of several key industries and sectors. The potential for job losses and the increased cost-of-living has many Ontarians worried about their livelihoods. Post-secondary students are a part of these concerned constituents - high rental costs, increasing grocery prices, and limited sources of income pose severe financial barriers for students. However, they are also key to supporting the province through these challenges. By investing in our university system and opening up opportunities for work-integrated learning, post-secondary education can build job-ready, skilled graduates who can tackle the short- and long-term goals of the province.

Our Recommendations:

1) The provincial government should modify the Co-operative Education Tax Credit so that the maximum credit value employers can claim equates to 30% of the current average co-op salary, with a higher maximum for small businesses.

The Co-operative Education Tax Credit currently reimburses 25-30% of eligible expenses to employers when hiring a co-op student, which include salaries/wages and fees paid to an employment agency.¹ The maximum amount an employer can claim is \$3,000. As currently structured, this tax credit does not provide enough of an incentive for businesses to take on a co-op student, especially considering recruitment and hiring costs. For example, the

¹ Ministry of Finance, "Co-operative education tax credit," *Government of Ontario*, last modified November 12, 2025, <http://ontario.ca/page/co-operative-education-tax-credit>

Canadian Federation of Independent Businesses found that small businesses in Ontario spend \$662 per new employee, per year, to train those with no prior experience.² As well, the University of Waterloo found that their engineering co-op students in 2024 earned, on average, \$21.08 per hour during their first work term.³ Over the course of four months, 30% of their total wages would equal about \$4,047.36, meaning employers are losing just over \$1,000 to adequately support a co-op student in addition to the aforementioned training costs. As such, it is important for the province to consider the impact of inflation (since 2007) on wages and hiring costs when incentivizing businesses through the Co-operative Education Tax Credit. This can be achieved by increasing the maximums and scaling tax credit support to the size of the business, wherein large employers can receive up to \$4,000 and small employers can receive up to \$5,000. This would significantly improve the ability of businesses, especially small-medium enterprises, to hire a co-op student and provide mutual benefit to the employer, employee, and economy.

2) The provincial government should allow non-profits to apply to the Co-operative Education Tax Credit in the form of a grant.

The Co-operative Education Tax Credit is only available to provincial businesses that pay corporate or personal income tax.⁴ This excludes thousands of non-profits that could support skills development for students. Students are eager to work and learn from professionals in their respective fields; in fact, among those who did not have the option to participate in work-integrated learning, almost two-thirds of students would have participated in such opportunities.⁵ According to CEWIL, only 7.6% of WIL programs are found in the humanities, and 6.1% in visual and performing arts, and communications technologies.⁶ This is a stark contrast to the 16.9% of WIL placements distributed to health-related fields and 13.7% of WIL programs found in business, management and public administration programs. Students in the humanities and arts often find employment in the non-profit sector after graduation. It is essential that all students have the opportunity to apply the soft and hard skills from their courses to professional environments. By expanding the scope of the Co-operative Education Tax Credit to not-for-profits, including post-secondary institutions themselves and municipalities, the province can enhance skills development across a variety of disciplines and better prepare more students for the workforce. This will ensure that Ontario's graduates are being equipped with the experience necessary to enhance various sectors, including the priority areas for government.

3) If and when the domestic tuition freeze is lifted, the provincial government should only permit gradual tuition increases tied to inflation or two percent, whichever is lower, and provide proportional increases in OSAP grants and loans to ensure affordability.

The tuition freeze, implemented in 2019, was a welcome source of financial relief for students. OUSA strongly recommends that the freeze continue in order to support the affordability of education. While we would not be in favour of the tuition freeze being lifted, we recognize that this measure may need to be taken to funnel more funding into the post-secondary sector. If the Ministry is considering this, OUSA would recommend that gradual increases are tied to inflation or two percent, whichever is lower. This falls in line with recommendations crafted from

² Christina Santini, Laure-Anna Bomal and Beatrice Moen, "Canada's Training Ground: How Small Businesses are Building Tomorrow's Workforce", *CFIB*, InsightBiz blog, October 27, 2025, <https://www.cfib-fcei.ca/en/research-economic-analysis/canadas-training-ground-how-small-businesses-are-building-tomorrows-workforce>

³ Co-operative Education, "Co-op earnings," *University of Waterloo*, n.d., <https://uwaterloo.ca/co-operative-education/about-co-op/co-op-earnings>

⁴ Ministry of Finance, "Co-operative education tax credit," *Government of Ontario*, last modified November 12, 2025, <http://ontario.ca/page/co-operative-education-tax-credit>

⁵ Unpublished data from OUSA's 2024 Ontario Undergraduate Student Survey.

⁶ CEWIL CANADA and David Drewery, "CEWIL Canada 2024 Data Report," June 2025, <https://cewilcanada.ca/common/Uploaded%20files/Public%20Resources/Resource%20Hub/CEWIL%20Data%20Report%202024%20-%20WEB.pdf>.

extensive consultations by the Blue Ribbon Panel, and would increase revenue to institutions while preventing a burdensome impact on students' finances.

At the same time, OSAP grants and loans should be proportionally increased so that impacts from the tuition freeze being lifted can be mitigated, especially for those from low- to middle-income backgrounds. The cost of living has become out of reach for many Ontarians, and students are not exempt from this, especially when they have limited sources of income. According to the Labour Market Information Council, youth unemployment in the province is at 15.8%, 1.6% higher than the national average of 14.2%. Additionally, job vacancies in youth-focused occupations are down 20% year over year.⁷ Without adequate employment opportunities, students experience undue financial burden trying to meet their basic needs. For example, housing is one of the most significant expenses during post-secondary education, and students are unable to afford rent as they cannot work full-time, and part-time opportunities are also limited. The OSAP housing allowance provides much-needed financial relief for students, supporting their education and enabling them to succeed post-graduation.

We look forward to continuing our work with the Government of Ontario to ensure students have equitable access to high-quality education and employment opportunities that set them up for success once they graduate. These suggestions would ensure that students have the knowledge and skills needed to contribute to the workforce across all sectors and help the government achieve its vision for a stronger economy. Thank you for considering our submission.

Sincerely,

The Ontario Undergraduate Student Alliance

⁷ Ken Chatoor and Peter Nelson, "Boom or Bust? The Opportunities and Risks in Ontario's Youth Labour Market," Educated Solutions, no. 19 (November 5, 2025): 9–16, https://assets.nationbuilder.com/ousa/pages/3837/attachments/original/1762367196/Educated_Solutions_2025_document.pdf?1762367196.