

University finances in the second year of the pandemic, 2021/2022

Released at 8:30 a.m. Eastern time in *The Daily*, Thursday, August 3, 2023

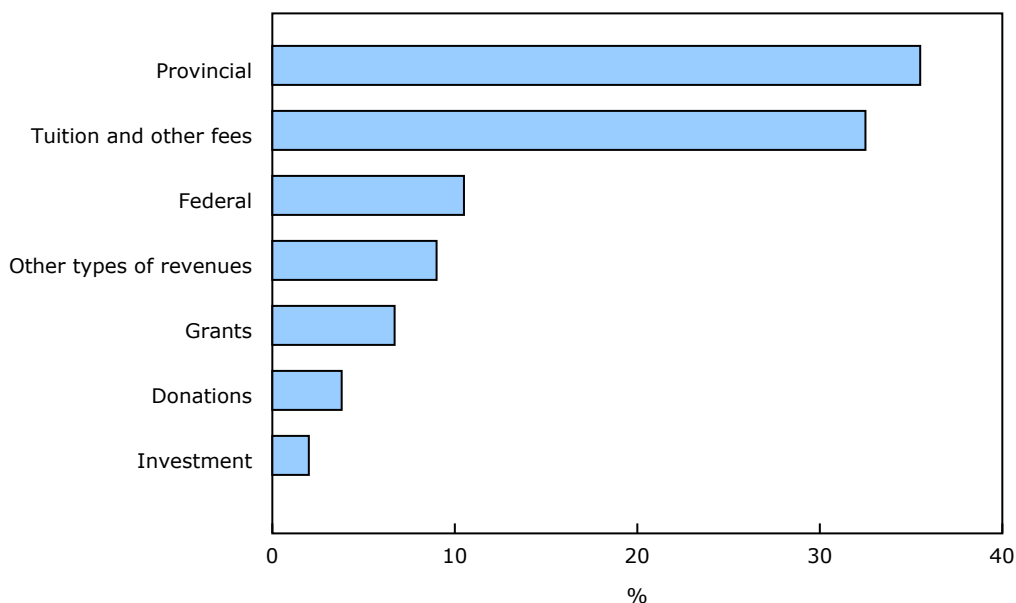
In 2021/2022, despite the ongoing challenges caused by the COVID-19 pandemic, universities collectively reported a \$1.5 billion budget surplus. This was slightly lower than the \$1.7 billion annual average recorded in the five years (2015/2016 to 2019/2020) preceding the pandemic. All dollar figures in this release are expressed in 2022 constant dollars to factor in inflation and enable comparisons across time.

The 2021/2022 fiscal year was marked by the gradual return of students, faculty and staff members to campuses, which positively impacted universities' product and service-based revenues such as residences, parking fees and facility rentals. Universities also faced challenges with decreased revenue from government funding and investment income. Moreover, the resumption of on-campus activities resulted in higher expenditures for universities in areas such as travel, buildings, land and land improvements. These budgetary pressures took place in the context of a [historically high rate of inflation](#), which further accentuated decreased revenues and increased operational costs.

Revenues from governments, tuition fees and investment income all decline

In 2021/2022, provincial funding accounted for the largest share of universities' revenues (\$15.4 billion or 35.5%), followed by tuition revenues (\$14.1 billion or 32.5%), federal funding (\$4.6 billion or 10.5%), grants (\$2.9 billion or 6.7%), donations (\$1.6 billion or 3.8%), investment income (\$0.9 billion or 2.0%) and other sources of revenues (\$3.6 billion or 9.0%).

Chart 1
Distribution of universities' revenues by main sources, 2021/2022



Source(s): Financial Information of Universities (3121).

In 2020/2021, provincial governments had provided special pandemic-related funding to support projects implementing new virtual learning practices and the safe return to in-class learning. With this support ending in 2021/2022, provincial funding decreased by 4.2% compared with 2020/2021.

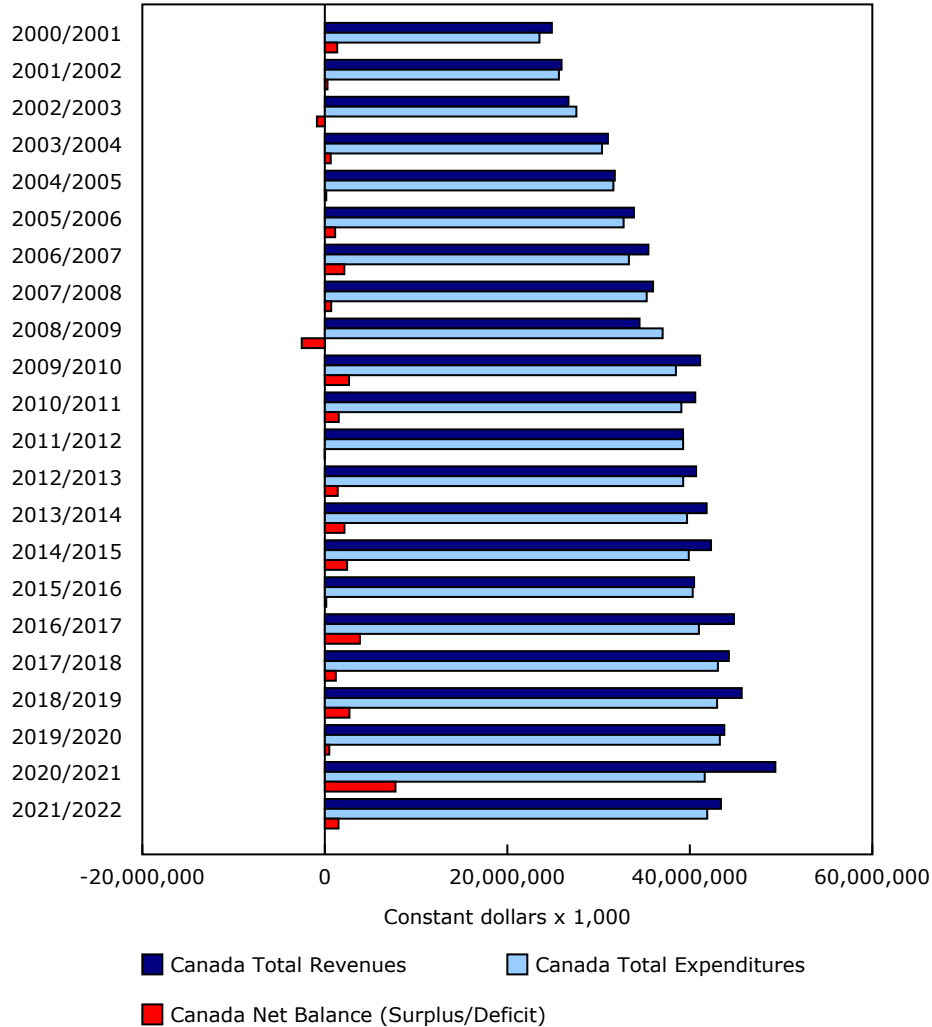
Revenues from the federal government also decreased. In 2021/2022, Canadian universities received \$4.6 billion from the federal government, down by 18.8% from \$5.6 billion in the previous year. This reflects the conclusion of the one-time grant of \$416 million awarded in 2020/2021 under the [Canada Research Continuity Emergency Fund](#). This fund was announced in May 2020, and its purpose was to sustain research at Canadian universities and health research institutions that were affected by the pandemic.

Revenues from tuition fees also saw a decline. Tuition fees paid to universities by students decreased by 0.7%, from \$14.2 billion in 2020/2021 to \$14.1 billion in 2021/2022. This was the second year of decreases in revenues from tuition, which were 7.7% lower in 2020/2021 than in 2019/2020. Tuition revenue has yet to return to the average annual growth of 6.2% reported for the five years prior to the pandemic.

Finally, universities experienced a significant decline in their revenues from investment income. In 2020/2021, investment income reached an all-time high of \$5.8 billion. This amount decreased to \$884 million in 2021/2022, reflecting the underperformance of major stock market indexes both nationally and internationally.

Among the major sources of revenues, the one revenue source that increased in 2021/2022 was from product and service-based revenues, which includes income generated from residences, parking fees, facility rentals and the cafeteria, amongst others. This increase, up \$0.9 billion to \$2.6 billion, reflects the return to on-campus learning. This amount, however, remains below the \$3.7 billion annual average earned for the five years prior to the pandemic.

Chart 2
Historical revenues and expenditures of universities in Canada, from fiscal year 2000/2001 to 2021/2022



Source(s): Financial Information of Universities (3121).

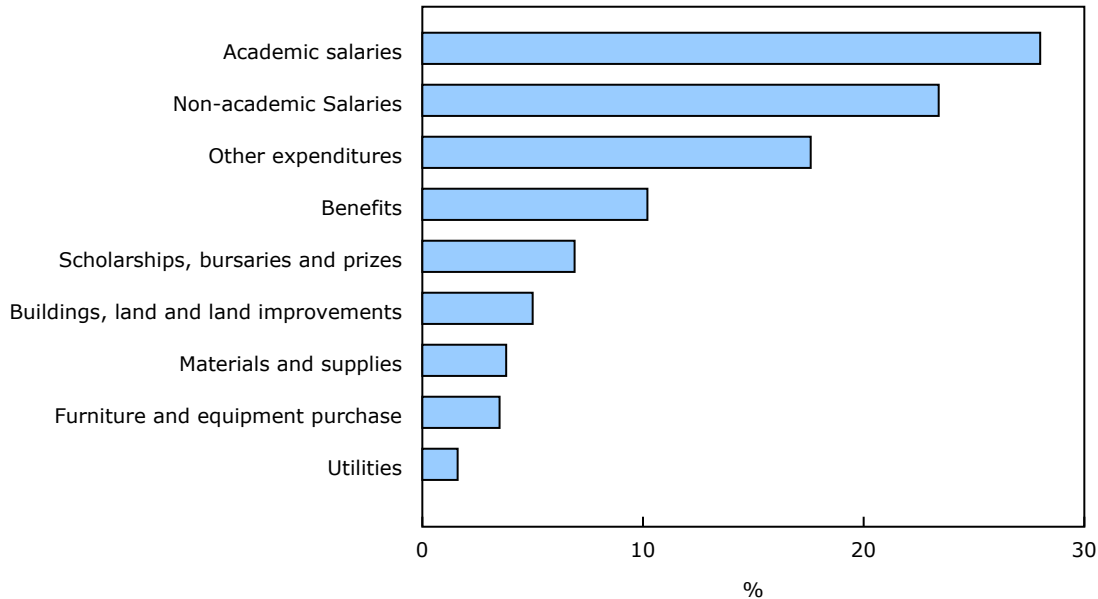
Total expenditures increase, despite a decrease in expenditures on salaries and wages in real terms

In the fiscal year 2021/2022, university expenditures increased slightly by 0.7% to reach \$41.9 billion, compared with \$41.6 billion in 2020/2021. The pre-pandemic five-year average was \$42.1 billion.

This 2021/2022 increase reflects a resumption of university activities compared with a 3.8% drop in expenditures a year earlier, when universities decreased their discretionary expenditures to mitigate financial risks posed by the emergence of COVID-19 and the resulting potential loss in revenues.

Amongst the major contributors to the increase in expenditures were travel (+74.2%), lump sum payments to employees (+29.8%), cost of goods sold (+22.1%), buildings, land and land improvements (+17.0%), printing and duplicating (+16.0%) and utilities (+10.2%).

Chart 3
Distribution of universities' expenditures by main sources, 2021/2022



Source(s): Financial Information of Universities (3121).

While total expenditures, adjusted for inflation, increased from 2020/2021 to 2021/2022, expenditures on salaries and benefits declined by 1.8%, the largest year-over-year drop recorded since 2000/2001. This was largely due to slower growth in expenditures in salaries and benefits compared with the growth in the inflation rate.

Investment in capital projects picked up in 2021/2022

In 2021/2022, Canadian universities increased spending on capital projects by 7.4% to \$3.9 billion, lower than the pre-pandemic five-year average of \$4.2 billion. In 2022/2023 capital spending by universities is expected to increase, as indicated by the latest data from the [Annual Capital and Repair Expenditures Survey](#). This is also supported by the announcement from the Ontario government to [invest \\$583 million](#) in post-secondary infrastructure projects over the next three years.

Note to readers

All dollar figures are expressed in 2022 constant dollars to factor in inflation and enable comparisons across time in real terms.

Data for this release include degree-granting institutions, i.e., universities and degree-granting colleges in Canada.

Caution should be taken in comparing provinces directly since provinces have different funding formulas and mechanisms.

Available tables: [37-10-0026-01](#) and [37-10-0027-01](#).

Definitions, data sources and methods: survey number [3121](#).

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; infostats@statcan.gc.ca) or Media Relations (statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca).