Major changes to Canada's international student program: An overview of recent federal and provincial announcements

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Following recent changes to the letter of acceptance (LOA) process and cost-of-living requirements, Immigration, Refugees and Citizenship Canada (IRCC) announced, and has begun to implement, further material changes to Canada's international student program. These changes come in addition to the Designated Learning Institution (DLI) framework we covered in an Oct. 2023 article, which the federal government is expected to implement later in 2024.

As a result of the new changes, certain provinces and their respective higher education regulators have been working to coordinate provincial responses to the issues the IRCC measures were targeted at addressing. Below we have provided an overview of the federal changes and the subsequent responses from Ontario, British Columbia, and Nova Scotia.

The federal announcement

On Jan. 22, 2024, Canada's minister of Immigration, Refugees and Citizenship announced a set of measures intended to reduce the growing number of international students in the country and ease pressures on Canada's housing availability and affordability challenges. These changes mark a significant shift in policy, and include a cap on international study permits, a new attestation letter requirement, and changes to the post-graduation work permit program.

1. Cap on international student permits

The federal government imposed a two-year cap on study permits for international students. In 2024, the government expects to approve approximately 360,000 study permits—a 35 per cent reduction from 2023. The number of permits to be issued in 2025 will be reassessed at the end of 2024.

In practice, each province and territory will be allotted a portion of the cap on a per capita basis, which will then be further allocated by the provinces and territories among the DLIs in those provinces and territories. Notably, the cap will not apply to persons:

i. renewing existing study permits;
ii. currently holding study permits;
iii. obtaining study permits in respect of master's and doctoral degrees; or
iv. applying for study permits relating to elementary and secondary school education.

Since the initial announcement, IRCC has also stated that there will be a cap in the number of applications it will process in 2024, setting it to 606,250.

Based on a per capita allocation to the provinces, it is projected that Ontario, Nova Scotia, New Brunswick and British Columbia will be the provinces that will have a reduced number of study permits available in comparison to the number of permits issued in 2023, while Alberta, Québec, Saskatchewan, Newfoundland and Labrador, and Manitoba should have excess capacity.

2. New attestation letter requirement

As of Jan. 22, 2024, the federal government requires international students who apply for study permits to provide a provincial attestation letter (PAL) from a province or territory with their applications, effectively adding a third level of approval (in addition to the institution and federal processes). IRCC has stated that the PAL will serve as proof that students have been accounted for under a provincial or territorial allocation within the national cap.

Provinces and territories will have until March 31, 2024, to formalize this process. Given that Québec is the only province that has an attestation system in place, this requirement has effectively shut down the student permit application process in all other provinces until the end of March. However, similar to the cap exemptions, the government exempts from the PAL requirement persons who are:

i. renewing existing study permits and already in Canada;
ii. currently holding study permits and already in Canada;
iii. obtaining study permits in respect of master's and doctoral degrees; or
iv. applying for study permits relating to elementary and secondary school education.

3. Changes to the post-graduation work permit program

As of Sept. 1, 2024, international students who begin a program that is part of a curriculum licensing arrangement (that is, a relationship where a private college has been licensed to deliver the curriculum of a related public college, often called a PPP) will no longer be eligible for a post-graduation work permit (PGWP). International students who were enrolled in a suitable public-private college program prior to Jan. 22, 2024, will remain eligible for PGWPs.

Additionally, the ability for spouses of international students in Canada on study permits to obtain open work permits was revised, so that going forward only spouses of international students in master's, doctoral and professional degree-granting programs will have that option.

IRCC also made a smaller change to the PGWP program for master's students. Previously, the length of PGWPs aligned with the length of study of such program, up to a maximum of three years. However, as of Feb. 15, 2024, persons graduating from a master's degree program that is shorter than two years and who meet all the other PGWP criteria will be eligible for a longer, three-year PGWP.

Subsequent provincial responses

Since the federal government's Jan. 22 announcement, provinces such as Ontario, British Columbia and Nova Scotia have announced their own measures to address concerns related to the treatment of international students in Canada. All of the initial announcements made by provincial governments are high-level and we expect those governments and the applicable provincial education regulators to release additional details on these new measures in the coming weeks and months.

1. Ontario

Ontario institutions host more than 50 per cent of the international students in Canada on study permits, and will see the greatest decrease in international students as a result of the federal cap. The Ontario government was the first to publicly react to the IRCC's Jan. 22 announcement, when on Jan. 26 it stated that Ontario would be implementing new measures for international students to "protect the integrity" of colleges and universities and crack down on bad-actor recruiters, which are expected to have a material effect on Canada's largest destination for international students.

Ontario's new measures include:

i. a quality review of existing international student programs;
ii. an increased focus on compliance and oversight of international student programs, with a focus on (X) the needs of the local labour market and (Y) strengthening program documentation, compliance processes and student outcome results, to ensure the best academic outcomes are being achieved;
iii. a moratorium on new public-private college partnerships; and
iv. a requirement for DLIs to guarantee housing for incoming international students.

Further, on Feb. 12, 2024, Ontario's Finance minister revealed that the government would not be increasing tuition fees, despite colleges and universities struggling financially. The Finance minister reinforced that although the government is committed to working with post-secondary institutions to address funding challenges, it will also be working with the federal government to resolve the issues identified within the post-secondary sector.

On Feb. 26, 2024, the Ontario government introduced nearly $1.3 billion in new funding for Ontario's colleges and universities. It also announced that it was keeping the tuition freeze for domestic students in place for another three years, and that legislation would be introduced to support student mental health, as well as safe and inclusive campuses, among other things.

2. British Columbia

On Jan. 29, 2024, the Province of British Columbia announced that it would be introducing a new suite of measures to improve quality standards for international education. These measures include:

i. implementing a two-year pause on granting accreditation to any new post-secondary institutions seeking to enrol international students (that is, applying to become DLIs);
ii. further quality inspections of current accredited private post-secondary institutions;
iii. enhanced compliance standards for private degree programs;
iv. new minimum language requirements for students applying to attend private institutions; and
v. greater tuition transparency.

The B.C. government has announced that its new provincial attestation letter system will be effective as of March 4, 2024. It also indicated that the province's allocation allows for 83,000 undergraduate study permit applications, and that the distribution for the provincial attestation letters will represent 53 per cent for public post-secondary institutions, and 47 per cent for private institutions.

3. Nova Scotia

On Feb. 2, 2024, the Nova Scotia government announced that it would be entering into new, one-year funding agreements with the province's 10 universities. These agreements include:

i. a two per cent cap on tuition increases for undergraduate students;
ii. a two per cent increase in annual operating grants; and
iii. a minimum tuition increase of nine per cent for first-year international undergraduate students (excluding the University of King's College and Dalhousie University).

Institutions will also be required to fill at least 97 per cent of the seats in its health training programs, develop international student sustainability plans, and increase the availability of student housing (specifically within the Halifax and Cape Breton regional municipalities). Universities have also been instructed to work together to create an inter-university plan to reduce administrative expenses by at least five per cent.

4. Other provinces

Although the provincial governments in certain other provinces have made public comments regarding the IRCC's Jan. 22 changes, there have yet to be any related specific new policies introduced by any provinces other than the three discussed above.

Key takeaways

In light of these developments, Canada's post-secondary institutions should be aware of the following key takeaways.

1. The federal government's new international education measures, together with the LOA, DLI and cost-of-living requirement changes that were announced or implemented in 2023 and early 2024, will have far-reaching consequences across the sector, creating financial and operational uncertainties for post-secondary institutions. Certain DLIs may need to consider restructuring options as the changes take effect.
2. Governments from Ontario, British Columbia and Nova Scotia have largely acted in favour of the federal government's announcement, implementing their own policies to address international education issues within their respective provinces.
3. DLIs in Ontario will be disproportionately affected by the new measures, as Ontario has the largest international student population in Canada.
4. Expect that public and private institutions will take on both public and behind-the-scenes lobbying efforts of various applicable provincial and federal agencies, to attempt to reduce the potential effects of these changes on their institutions through the allocations, potential exemptions and business model modifications.
5. Opportunities arise when new challenges are presented, and areas like student housing development may see a boost as a result of these new policies.

Contact us

If you have questions about how the federal or provincial announcements will affect your organization, please reach out to any of the authors or key contacts listed below, or any lawyer from our Education or Beyond Business Immigration groups.

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