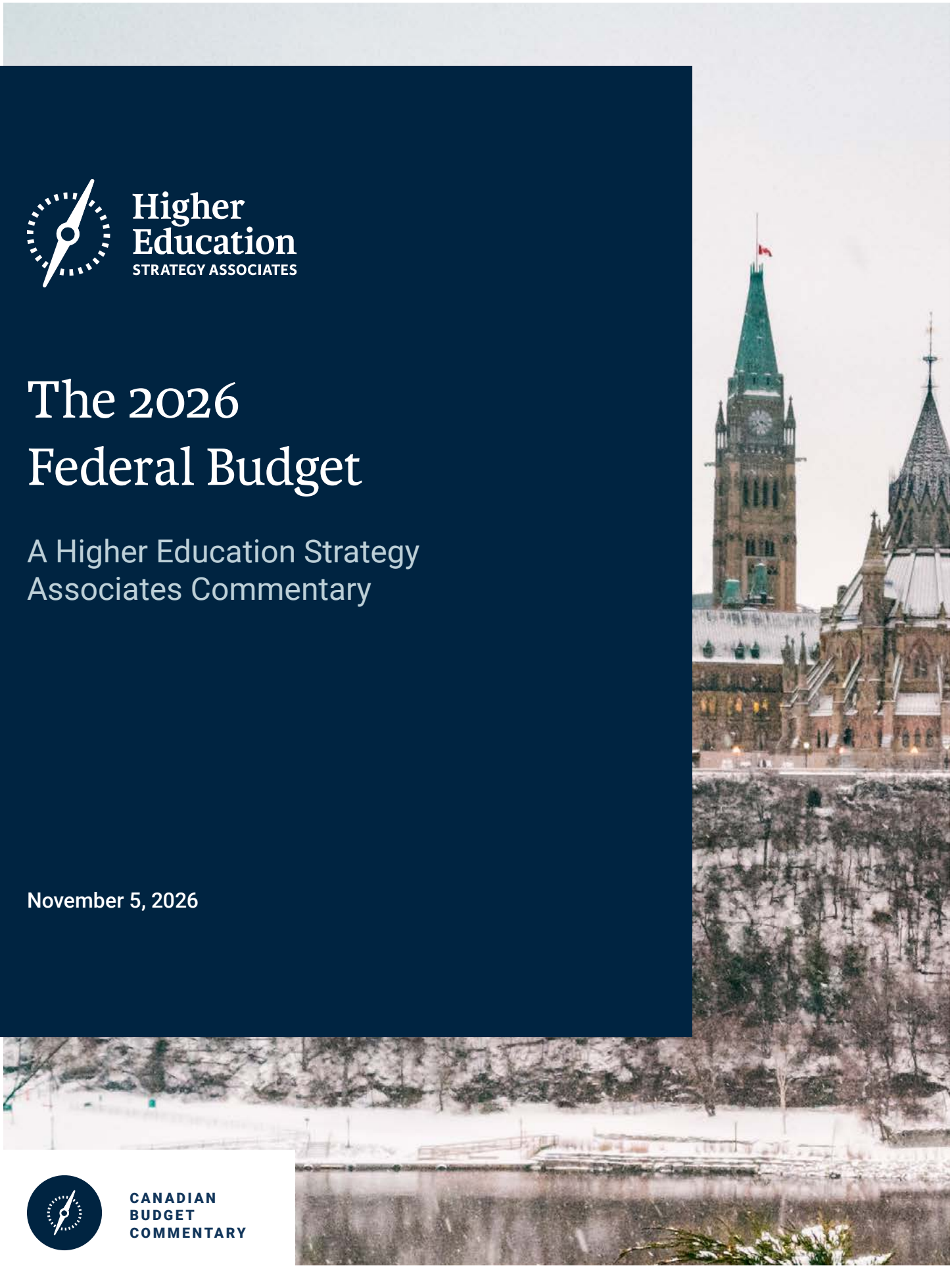
Higher Education
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The 2026 Federal Budget

A Higher Education Strategy Associates Commentary

November 5, 2026



CANADIAN BUDGET COMMENTARY



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Higher Education Strategy Associates (HESA) is a Toronto-based firm providing strategic insight and guidance to governments, postsecondary institutions, and agencies through excellence and expertise in policy analysis, monitoring and evaluation, and strategic consulting services. Through these activities, HESA strives to improve the quality, efficacy, and fairness of higher education systems in Canada and worldwide.

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Earlier today, Finance Minister François-Philippe Champagne stood in the House of Commons to deliver his second budget, the tenth of a Liberal government first elected in 2015 (it would be eleven, but they skipped a year during COVID). The government had dropped large hints over the previous weeks that the budget was largely going to centre around themes of sovereignty: not just military/security, but also cultural sovereignty. And of course, it came in the wake of some frenetic foreign policy moves that included making progress toward greater partnership with the European Union (and, apparently, Canadian membership in Erasmus+). But, what, if anything, would the implications of all this be for Canadian higher education? Read on…

Student Financial Assistance

No changes to CSFAP were awarded. Otherwise, the one small piece of news here is that post-secondary students' moving expenses will be a much simpler flat-rate $1,000 non-refundable tax credit. This is expected to benefit only about 30,000 students will run the government about $1 million a year.

Immigration

There is no mention of the student study permit caps. Presumably, this means the caps listed in Budget 2025 will hold for 2026 and 2027. The government seems to be extremely proud of itself on its overall reduction of immigration, though; where new arrivals are mentioned, it's in the context of how well the government controlling immigration levels.

Apprenticeships

Apprentices got lots of little treats in this budget. The "Team Canada Strong" program is a mix of old and new money.

The new main element is that the government is amending the EI Act temporarily to allow apprentices to claim up to 18 weeks of EI instead of 14 weeks. Otherwise, the rest of this program is repackaged old money. That includes the "up to $10,000 for employers who hire a first-year Red Seal apprentice". While this seems new, this is really only an increase to the existing program introduced back in 2021/2 (back then, it was up to $5,000, boosted up to $10,000 if the hire was from an underrepresented group).

Other notable benefits that were previously announced include:

- Tradespeople and Apprenticeship Training Grant: $400 a week during in-class technical training, on top of EI.
- Labour Mobility Deduction: tradespeople and apprentices can claim an optional flat $1,500 instead of itemizing.
- $5,000 bonus for Red Seal completion – applications open on the 16th
- Five post-secondary skilled-trades pilots for Cadets and Junior Canadian Rangers, previously announced by the DND back in the summer.

Workforce Reskilling

Post-secondary institutions are not delivery partners in any of the reskilling announcements. While there is some money for Mitacs in the budget, it's really all about partnering with the provinces to do stuff and giving more EI to people who want to reskill.

There is some good news on the Indigenous workforce front: the launch of the new Partnerships for Indigenous Workforce Readiness Fund. Alongside the existing Indigenous Skills and Employment Training Program, the Fund will support foundational skills and employment training (delivered by Indigenous organizations) and provide streamlined mechanisms to align Indigenous workforce investments with national priorities. The Fund was allocated $451.8 million over four years (beginning 2027/28) and $48 million ongoing.

The reannouncements include $3.5 billion in the Rapid Response Supports for Workers and Employers (announced back in August 2026). This includes a new program to help employers keep and retrain workers. The other big reannouncement is $170 million in 2027/28 for the Workforce Tariff Response (from the $570 million total over three years announced back in the spring). This money is all earmarked for the steel, softwood lumber, and other tariff impacted sectors – none of it reaches post-secondary. Both of these programs were previously announced in the Spring Economic Update.

Youth Employment

Another case of nothing new. Budget 2026 keeps the same commitment to advance youth employment for 175,000 young Canadians via the Canada Summer Jobs Program, Youth Employment and Skills Strategy, and the Student Work Placement Program.

The Youth Climate Corps will continue to place 2,000 young people in climate-related and emergency management fields, led by Employment and Social Development Canada, Natural Resources Canada, and Parks Canada. And a smaller $20.8 million over four years will support YESS programming for Black youth starting 2027-28.

Indigenous

Budget 2026 allocates $437.9 million, over five years, to the Post-Secondary Student Support Program (PSSSP). This both is – and isn't – new money. It's definitely funds that are piled on top of base funding which is in the mid-$380 million range. In Budget 2024, the government added another $242 million over three years, or about $80 million a year. That temporary boost of funding runs out at the end of this fiscal. A reasonable read of this announcement is that it simply replaces that $80M/year, but for a five-year period. So new money not in the budgetary framework, yes, but additional money going to First Nations students over and above what was allocated last year, no.

There's also $3 million per year to Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC) to support operations of the Dechinta Centre for Research and Learning, a land-based learning and research institute that offers programs to Indigenous students in the Northwest Territories.

Artificial Intelligence (AI)

Budget 2026 positions investment in AI as a central vehicle for Canada's global competitiveness, productivity and sovereignty. This positioning isn't focused on AI research, but rather on accelerating public AI access, adoption and safety, Canadian AI sovereignty (i.e. Cohere) and essentially reiterating what was previously outlined in the National AI for All Strategy. Some of those reannouncements include:

- Up to $1.6 billion of federal equity investment towards Cohere aims to strengthen Canada's AI sovereignty, expand domestic AI infrastructure, and create 1,000 high-paying technical jobs by 2030.
- $162 million over five years in Mitacs funding (from National AI Strategy) for 10,000 AI-related work placements to connect academic talent with industry. This money will benefit students – and the businesses creating placements for them.
- $17.6 million over five years, and an additional $4.2 million in 2031-32 will establish a Fellowship Program through Build Canada Exchange to recruit technical experts, professionals and academics for priority federal projects
- $150 million to LawZero and $176.3 million (over five years, plus $29.3 million ongoing) to Digital Safety and Data Protection Commission to support and enforce safety, transparency and data protection standards in AI.

And that piece of the AI Strategy about every student having their own AI Agent? Budget 2026 says to check back later on that one.

Research

The big research story of Budget 2026 is that the money is flowing overwhelming to the private sector. The SR&ED Tax Incentive gets $930 million over 5 years. It could potentially help the start-ups built on campuses, but institutions won't benefit directly from this.

There's a commitment to "modernizing policies" at the Tri-councils to improve commercialization, but no money – or clarity – on what that entails. "Initiating consultations with experts on how to strengthen technology transfer capacity at post-secondary institutions and help bring more Canadian research to market" is essentially kicking the can down the road. Ditto "Leveraging the expertise, capabilities, and assets of the National Research Council of Canada to identify ways to expand the impact of its intellectual property and support Canadian innovation and economic growth."

There's also a piece about the Canadian Photonic Fabrication Centre housed at the NRC being "commercialized" (given its positioning in "Generating more value from federal assets" section next to the privatization of Canada's largest airports, one could interpret this as the lab being sold).

Defence

The budget reannounced the launch of the Quantum Defence Innovation Secure Hub under BOREALIS. This Defence Innovation Secure Hub (DISH) is hosted at the University of Calgary; the government invested $20.3 million into this back in August.

Otherwise, defence R&D investments are directed to everybody but the post-secondary sector. The sizable list of recipients includes: industry, the Department of National Defence, the government's Regulatory and Security Science Campus, BOREALIS sponsored DISHs not hosted by post-secondary institutions, the Canadian Space Agency, the Canadian Armed Forces, the Coast Guard and the National Research Council. Effectively, everyone but us.

Miscellaneous

The Build Communities Strong Fund allocates an as of yet unspecified amount of funding to two universities: York University's medical school in Vaughan, and Cape Breton University's Collaborative Health Annex and College of Health Integration and Advancement in Sydney.

Other announcements include $10 million to scholarships provided through the Terry Fox Humanitarian Awards in 2027/28 and $250M over four years to Polar Knowledge Canada to support investments in the Canadian High Arctic Research Station (a partner of post-secondary institutions, to be fair) and to enhance its Science and Technology program.

And finally, there's text about Canada's new alliance with the EU and the Erasmus+ announcement. At this point, it's all aspirational – no new details were provided.

That's it. That's the whole budget. Some money for First Nations students (excellent), some money for apprentices (waste of money as the Government knows full well), York and Cape Breton get some goodies, but the rest of the country gets a big fat zero. This is the 16th time that HESA has analyzed a federal budget (23rd if you count the years we went under the name *Educational Policy Institute Canada*), and we've never seen pickings so slim.

It's not that the government is lacking in money to fund areas it considers to be priorities. Arts and Culture got $4 billion over five years. The maintenance and construction of ice hockey rinks got **$750 million over nine years**. A couple of weeks ago, the feds found a way to throw $3.55 billion into a steel industry bailout, an industry which directly employs 23,000 people in Canada. Universities and colleges, on the other hand – which employ about five-time that many people full-time, have about 2 million people relying on them for their studies, and which suffered a $10 billion revenue hit thanks to the federal government's criminally inept handling of the immigration file – get an amount which is not unadjacent to zero.

Priorities, you see.

There are only three possible conclusions to be drawn from this.

First: the Carney government truly hates the post-secondary education sector. A government which was moderately sentient and actually liked the sector could have found ways to deliver money to it by linking it to other government priorities. It chose not to.

Second: the post-secondary sector is catastrophically bad at lobbying. Any time universities and colleges get less money than ice hockey rinks, the embarrassment does not lie with the government alone. To be clear: this is probably more a failure of long-term strategy on the part of the sector, not that the associations executed strategy poorly in the last twelve months. It takes time to alienate government this way.

Third: Maybe it's both?

It's easy to blame government for all this. And believe me, they deserve blame. This Liberal Party has 100% abandoned any pretense to being the party of Chretien and Martin, the two men who put the country on a sound knowledge-economy footing twenty-five years ago. Now, the party is so deeply in thrall to the Hewers and Drawers Deep State that it can't even imagine what an economy based on anything other than digging stuff out of the ground would look like. You simply can't build a modern 21st century sovereign economy by prioritizing early 20th century industries. It's mind-boggling that Carney and crew can't see that.

But the whole sector has to look at itself and ask whether or not a fundamental strategy re-think is in order. Because we simply can't go on like this. We just can't.



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