S&P Global
Ratings

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Queen's University Ratings Affirmed At 'AA+'; Outlook Stable

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Overview

- Queen's University's (Queen's) solid domestic enrollment and expected improvement in operating revenues following the Province of Ontario's update to the postsecondary funding framework will support stronger operating margins, although international student enrollment continues to pose risk.
- We expect that Queen's will proceed with its recent capital plans and refrain from new borrowings, which will result in decreased maximum annual debt service (MADS).
- Therefore, S&P Global Ratings affirmed its 'AA+' long-term issuer credit and senior unsecured debt ratings on Queen's.
- The stable outlook reflects our view that ongoing cost management will sustain modest operating surpluses and strong financial resources will continue to support the university's credit profile.

Rating Action

On April 15, 2026, S&P Global Ratings affirmed its 'AA+' long-term issuer credit and senior unsecured debt ratings on Queen's University, in the Province of Ontario. The outlook is stable.

Outlook

The stable outlook reflects our view that in the next two years, Queen's will sustain its very strong market position despite weaker international enrollment. We expect operating margins will remain modest but balanced in the next two years. We believe Queen's will maintain strong financial resources to support the moderate debt burden.

Downside scenario

We could lower the ratings if the university's market position weakens and enrollment falls materially, or if insufficient management intervention leads to sustained operating deficits above 2% of adjusted operating expenses. We could also take a negative rating action if Queen's expanded its capital plans and incurred additional debt, such that MADS increased to 4%.

Although unlikely, a strengthening of our assessment of the link between Queen's and the province could lead to the equalization of our ratings on the university with those on Ontario.

Upside scenario

Although unlikely, we could take a positive rating action on Queen's in the next two years if the university achieves and sustains strong operating margins and international enrollment stabilizes. In addition, if the provincial government materially increased funding to public universities and relaxed restrictions on tuition increases, this could enhance Queen's financial flexibility and metrics to levels in line with those of 'AAA' rated peers.

Rationale

The Province of Ontario’s February 2026 announcement of $6.4 billion in additional postsecondary funding over four years and the end of the multiyear tuition freeze--allowing institutions to increase domestic tuition by up to 2% annually beginning in fall 2026 for the next three years--is credit positive. We incorporate higher tuition revenue and a modest increase in provincial grants into our projections, although institution-specific funding information is limited at this time.

As a result, we estimate Queen’s will post operating surpluses averaging about 2% of operating expenditures during 2026-2028, despite lower international enrollment following the imposition of a federal cap and supported by prudent financial management.

We believe the university's strong reputation and position as a research institution will keep student demand healthy, particularly among domestic students. In addition, the university’s very high cash and investments and its moderate debt burden will support the credit profile. The rating also reflects our opinion of a moderately high likelihood that the Ontario government would provide extraordinary support in the event of financial distress.

Queen's solid market position and management mitigate projected lower international student enrollment

In our view, Queen’s has an extremely strong enterprise profile, bolstered by its market position as a research institution and member of the U15, an association of leading Canadian public universities collaborating on research initiatives, and its strong student demand characteristics. Supporting our opinion is our assessment of the higher education sector's low industry risk characterized by high barriers to entry and typically countercyclical nature, which tends to withstand economic downturns better than other sectors. Queen’s credit profile also benefits from the economic fundamentals of Ontario, which has high GDP per capita, estimated at about US$56,700 for 2026.

The decrease in international students, stemming from the Canadian government’s cap on new international undergraduate admissions, has affected enrollment over the past two years and this is expected to persist in the next year. However, the relatively low proportion of international students (about 11% of total enrollment) mitigates the impact on Queen’s market position. Domestic enrollment remains strong, although graduate program enrollment has decreased. Overall, full-time equivalent (FTE) enrollment is projected to decline by less than 1% in 2026 from 30,238 in 2025, and we do not expect further deterioration because we believe demand remains robust.

In our opinion, student quality remains extremely strong, as reflected by the university's historically stable retention and selectivity rates, averaging about 94% and 40%, respectively, in the past three years; the latter is more favorable than that of peers. We expect both measures will remain stable.

Established in 1841, Queen's is a research-intensive university in Kingston, Ont. It offers undergraduate and graduate degrees spanning eight faculties and schools: arts and science, education, engineering and applied science, health sciences, law, Bader College, business, and graduate studies. Queen’s has a less geographically diversified student body than some Canadian peers, with about 67% of FTEs coming from Ontario and 11% being international students.

In our view, the university demonstrates strong management and governance practices comparable with those of other highly rated Canadian universities. Transparency and disclosure are maintained through effective policies, procedures, and risk management capabilities. The university has a three-year budget framework aligned with its strategic plan, which supports long-term objectives; however, its decentralized budgeting approach has presented challenges because the university lacks centralized control. We believe management’s commitment to accountability, transparency, and long-term financial sustainability, including measures for cost containment, reflects very strong leadership.

Moderate debt level and extremely strong financial resources enhance Queen's financial risk profile

We expect Queen's financial profile will remain strong, supported by modest revenue growth spurred by steady domestic enrollment and near-term visibility on provincial funding increases and tuition policy changes. Likewise, management’s effective cost-saving initiatives, including controlled hiring, weigh positively on financial performance. However, we believe challenges will persist, particularly from rising instructional costs and declining international undergraduate enrollment, which dampens student-related revenue given higher tuition for international students. As a result, we project operating margins averaging 1.5% of operating expenditures over 2026-2028.

Similar to that of other Canadian universities, Queen’s limited ability to raise student-generated revenues somewhat offsets its strong financial performance. This is primarily because Ontario monitors and guides domestic tuition rates and student aid through the tuition framework, and domestic enrollment expansion through operating grants.

Queen’s has a moderate debt burden compared with that of most similarly rated universities. Given the university’s recent capital plan, we do not expect it will incur additional external debt over the next two years; as a result, we estimate MADS will decrease and remain slightly above 3% of adjusted operating expenditures in fiscal 2026. Total debt is C$366.7 million in 2026, which consists of four fixed-rate bullet bonds due between 2033 and 2060, and an amortizing bank loan maturing in fiscal 2031. The university maintains sinking funds to repay its bullet debentures; the balance was C$142 million in 2025.

Queen's credit profile is bolstered by very robust liquidity. We estimate total cash and investments, including endowment, of C$2.9 billion at the end of fiscal 2026. This represents 2.4x of adjusted operating expenses, which we consider extremely strong; more than 50% of these assets are external restricted endowments. Queen’s reports that its pooled endowment fund totaled C$1.7 billion as of April 30, 2025. We estimate that 2026 financial resources, including restricted resources, will cover total debt by almost 8.0x, exceeding those of most Canadian peers, which we incorporate as a positive adjustment.

As of July 1, 2021, the University Pension Plan Ontario (UPP), jointly sponsored by Queen's University, the University of Toronto, and the University of Guelph, covers employees and retirees from all three institutions. Trent University joined in January 2022. Queen's will need to fund any preconversion pension obligations until July 1, 2031, but has no such obligation due to an actuarial valuation surplus of C$249.3 million as of Jan. 1, 2024. With Queen's having entered the UPP in a strong financial position, we expect the UPP's risk-sharing approach will mitigate future deficit impacts on its credit profile. We have not identified any additional contingent liabilities that could materially affect our assessment of Queen's credit profile.

Moderately high likelihood of extraordinary provincial government support

In accordance with our criteria for government-related entities, our view of Queen's moderately high likelihood of extraordinary government support reflects our assessment of the university's important role in the province, given that postsecondary education is one of Ontario's priorities in both expenditure and mandate (after health care and school boards), and that there are no viable private alternatives. It also reflects our view of Queen's strong reputation as a higher education institution in Canada and its significant research capacity. The province's oversight, program approval rights, and tuition regulation over the university suggest a strong link to it. Also supporting our assessment of the link are the large operating grants received from the province, accounting for about 20% of total revenue.

We rate the university two notches above the province. The differential reflects our view of the university's substantial financial assets. We believe there is a measurable likelihood that Queen's financial resources would meet ongoing operational and debt service requirements should the government default and temporarily suspend payments to the university. In addition, the differential reflects Queen's ownership structure, in which the government is neither an owner nor shareholder. Moreover, the province appoints none of the university's board of trustees' members. We consider the risk of extraordinary negative government intervention low, given the university's operational independence, important public policy role, and the government's hands-off approach to the sector.

Key Statistics

Queen's University--selected indicators

	--Fiscal year-end April 30--					
(Mil. C$)	**2022**	**2023**	**2024**	**2025**	**2026bc**	**Medians for 'AA' 2024***
Enterprise profile						
Full-time equivalent enrollment (FTE; no.)	29,207	28,142	29,982	30,238	30,034	37,533
Annual FTE change	7.0	(3.6)	6.5	0.9	(0.7)	0.7
Undergraduate selectivity rate (%)	41.5	39.5	39.1	41.6	40.4	74.5
Undergraduates as a % of total FTE enrollment	76.2	73.2	77.6	77.5	78.2	80.3
Retention rate (%)	94.0	94.1	94.0	94.3	95.0	86.1
Graduation rates (six years) (%)	85.5	86.4	85.6	86.4	87.4	71.0
Financial profile						
Adjusted operating revenue	1,087	1,098	1,167	1,169	1,196	N.A.
Adjusted operating expense	1,006	1,102	1,118	1,156	1,191	N.A.
Net adjusted operating margin (%)†	8.1	(0.4)	4.4	1.1	0.4	1.5

Queen's University--selected indicators

	--Fiscal year-end April 30--					
(Mil. C$)	2022	2023	2024	2025	2026bc	Medians for 'AA' 2024*
Student dependence (%)	39.5	39.1	36.4	36.6	37.0	36.0
Government and contracts dependence (%)	39.1	39.3	38.1	38.8	39.6	19.1
Endowment and investment income dependence (%)	1.2	7.7	12.1	13.0	7.1	2.5
Cash and investments	2,388	2,452	2,639	2,877	2,906	2,961
Cash & investments to adjusted operating expenses (%)	237.5	222.5	236.1	248.8	244.0	123.4
Outstanding debt	381.1	376.8	372.3	369.7	366.7	1,012.9
Cash & investments to debt (%)	626.6	650.7	708.8	778.2	792.5	323.7
Maximum annual debt service/total operating expense (%)	3.9	3.6	3.5	3.4	3.3	3.7

bc--Base case reflects S&P Global Ratings' expectations of the most likely scenario. *For 'AA' rated U.S. public colleges and universities. U.S. median figures are in U.S. dollars. †As % of adjusted operating expense. N.A.--Not available.

Rating Component Scores

Queen's University--ratings score snapshot

Industry risk	2
Economic fundamentals	1
Market position	1
Management & governance	2
Enterprise risk profile	1
Financial performance	3
Financial resources	1
Debt and contingent liabilities	2
Financial risk profile	2
Stand-alone credit profile	aa+
Issuer credit rating	AA+

Related Criteria

- Criteria | Governments | General: Global Not-For-Profit Education Providers, April 24, 2023
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013

Related Research

- Public Not-For-Profit Higher Education In Australia, Canada, And The U.K. 2026 Outlook: Pressures Mount Amid Policy Changes, Dec. 8, 2025
- U.S. Not-For-Profit Higher Education 2026 Outlook: Lower Expectations For Higher Education, Dec. 2, 2025

Ratings List

Ratings List	
Ratings Affirmed	
Queen's University	
Issuer Credit Rating	AA+/Stable/--
Senior Unsecured	AA+