

OCUFA Briefing Note

Issue: Student Assistance

Date: July 2011

After years of tuition increases and increasing student debt burdens, Ontario's Liberal government froze university tuition at 2003-04 levels for two years. When a new tuition policy was implemented for 2006-07, universities seeking to increase tuition were required to sign on to the Ontario Student Access Guarantee which states "no qualified Ontario student should be prevented from attending our publicly-assisted colleges and universities because of a lack of financial support programs."

Other initiatives include \$50 million annually for the Ontario Student Opportunities Trust Fund (OSOTF), expansion of the student loan program, and funding to enhance postsecondary access for students with disabilities, francophone students, Aboriginal Peoples and "first generation" students. Access Grants for first- and second-year students from low- and middle-income backgrounds provide up to \$3,000 towards tuition. Budget 2008 introduced Ontario Distance Grants to assist students from rural and remote areas, and Textbook and Technology Grants of \$150. Eligibility for two programs has since been limited to those eligible for the Ontario Student Assistance Program (OSAP).

Changes introduced in 2010 include a two year extension of the existing tuition policy, which now requires that 10 per cent of revenue from increased tuition must be set aside for bursaries and other student aid. OSAP allowances for books, supplies, and equipment have been indexed and the student income exemptions increased, but there were also increases to the Ontario Student Opportunity Grant cap on annual student debt and to student loan maximums.

Current tuition and student aid policy continues a policy of financing university education increasingly through tuition and targeting student aid to lower income students. However, students attempting to minimize their student debt load are being led to opt for programs of study that are less costly than they might otherwise choose.

OCUFA's Position

- The most important element of government student assistance policy should be to limit students' financial burden by freezing or reducing tuition fees and increasing provincial operating grants to universities.
- Programs to increase tuition fees and attempting to provide access for lower income students is ideologically driven and exacerbates socio-economic barriers to certain educational programs.

Background

A student debt crisis has persisted for more than a decade and a half in Ontario. In the early 1990s, former Premier Bob Rae eliminated the Ontario grants program, and in the following years, Ontario students have had to rely heavily on debt to finance successive tuition hikes. When the Ontario grant program was eliminated in 1993-94, it was estimated that the number of students who borrowed more than \$5,000 for higher education quadrupled from over 40,000 in 1992-93 to over 163,000 the following year. Steadily decreasing (per student) funding from the provincial government and ever-increasing tuition fees under Harris Conservatives only served to make matters worse. The Canadian Federation of Students and Ontario Undergraduate Student Alliance report that the average student debt for a four-year undergraduate program is now \$25,000.

Changes to the Ontario Student Assistance Program (OSAP) initiated by the McGuinty Liberal government include expanded eligibility; increased weekly loan amounts from \$110 to \$140 and now \$150; reduced expectations for middle-income family contributions; and recognition of computer costs in needs assessments. Book and supplies allowances were increased in 2006 for the first time since the 1980s. Student debt is now limited to \$7,300 (up from \$7,000) per completed year through the Ontario Student Opportunity Grant (OSOG). Beginning in 2010, the six-month deferral on OSAP repayments is accompanied by a six month delay in interest accrual. The Ontario Student Opportunities Trust Fund (OSOTF) was established on a matched funding basis to establish endowments for student financial assistance. Allocations take into consideration the limited fundraising capacity of smaller institutions.

In 2005-06, up-front grants were re-introduced for the first time since 1992-93. Access Grants are limited to students in their first- and second- year of study. For first year students from low-income families, the Millennium-Ontario Access Grant were granted up to \$3,000 in tuition funding provided in a joint initiative between the Ontario government and the Canada Millennium Scholarship Foundation (CMSF). After the dissolution of the CMSF in 2009, this grant was discontinued and recipients in the previous year are eligible for transition grants to make up the difference between the amount received in 2008-09 and the amount received under comparable federal programs in subsequent years. The Textbook and Technology Grant announced in Budget 2008 was scheduled to ramp up over three years. Students would be eligible for \$150 in the fall of 2008, \$225 in 2009 and \$300 in 2010. Increases in the grant did not occur and remain limited to \$150 per year.

In conjunction with the tuition policy introduced in 2006, the Ontario government introduced its Student Access Guarantee. In return for the freedom to increase tuition fees under the policy, universities must commit to participating in and administering the Student Access Guarantee. They are responsible for ensuring that “students are able

to get enough aid to cover their costs for tuition, books, compulsory fees, equipment and supplies, when these are above the usual range of costs covered by OSAP.” Universities and colleges are required to make up the tuition and book shortfalls, defined as expenses above thresholds set by the Ministry of Training, Colleges and Universities. The Student Access Guarantee is funded by each university’s tuition set-aside, the Ontario Trust for Student Support, OSOTF and other institutional resources as required.

In response to the 2006 tuition policy framework, OCUFA wrote to the Premier and the Minister to express disappointment in the government's ideologically driven model of postsecondary education financing – high tuition for all students coupled with narrowly targeted student aid for the most needy. The letter highlighted the anticipated adverse effects of the new tuition policy framework, including: a widening of the socio-economic gap between students who have access to professional and graduate education and those who do not; the curtailment of student academic aspirations, as student opt out of pursuing certain career paths due to the large debt required to achieve such degrees; increased specialization in fields of study that will produce high personal financial returns at the expense of pursuing a less remunerative career that would serve a much needed social purpose; and a disproportionate increase in debt for students from lower and middle income families during the third and final years of university.

ADDITIONAL RESOURCES:

OCUFA Research Papers

- *The Decline of Quality at Ontario Universities: shortchanging a generation, Trends in Higher Education, March 2010*

Other reports

- Higher Education Quality Council of Ontario, *Institutional Student Financial Grants in Ontario* (Educational Policy Institute, September 2008)
- Higher Education Quality Council of Ontario, *Access, Persistence, and Barriers in Postsecondary Education* (Educational Policy Institute, September 2008)
- Higher Education Quality Council of Ontario, *Accessibility in Ontario’s Postsecondary Education System: An Interprovincial Comparative Analysis* (Dr. Torben Drewes, July 2008)