



## POLICY PAPER

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### ***Student Financial Aid***

*Spring 2019*

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## ABOUT OUSA

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OUSA represents the interests of 150,000 professional and undergraduate, full-time and part-time university students at eight student associations across Ontario. Our vision is for an accessible, affordable, accountable, and high quality post-secondary education in Ontario. To achieve this vision we've come together to develop solutions to challenges facing higher education, build broad consensus for our policy options, and lobby government to implement them.

The member institutions and home office of the Ontario Undergraduate Student Alliance operate on the ancestral and traditional territories of the Attawandaron (Neutral), Haudenosaunee, Huron-Wendat, Leni-Lunaape, Anishnawbek, and Mississauga peoples.

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### ***Suggested citation:***

**Bertolo, Stephanie, Matthew Gerrits, Connor Plante, and Tasneem Warwani. *Policy Paper: Student Financial Aid*. Toronto: Ontario Undergraduate Student Alliance, 2019.**

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## EXECUTIVE SUMMARY

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### THE PROBLEM

#### ***Inconsistent Assessment of OSAP Eligibility***

Students may be discouraged from enrolling in professional programs if they are less likely to receive adequate financial aid. Given the 2019 changes to the Ontario Student Assistance Program (OSAP), students in second-entry degree programs will receive significantly less financial aid and so are expected to make higher personal contributions to their degree than those enrolled in arts and science programs. Accreditation fees are not used in the calculation of tuition fees for professional students.

Students in part-time studies receive considerably less financial aid from the provincial government. As a result, a student who wishes to study part-time may either feel pressured to enroll in additional courses, placing themselves in an unmanageable workload or difficult financial position, or drop all of their courses. Part-time students may be the most in need of financial aid as a result of disability, short-term illness, financial challenges, increased caretaking roles, or other factors that may prevent them from studying or working full-time – and yet they still receive less funding: OSAP provides part-time students with a maximum allotment of only \$500 in grants per year. At some institutions, the marginal cost per additional course decreases, resulting in part-time students paying a higher average cost per course than full time students.

OSAP's 2019 changes have reduced the number of grants and loans available to students. Students attending private post-secondary institutions are eligible for more financial aid than students at public post-secondary institutions. Providing private post-secondary students with public financial aid helps finance private institutions, and it may encourage them to increase their tuition fees to unmanageable levels, resulting in high default rates.

Students are unaware of OSAP's appeal processes because they are not clearly advertised. The Family Breakdown appeals form indicates that students are only considered estranged under extreme circumstances, such as abuse or addiction; this ignores the many other reasons why students may be estranged from their families. Moreover, students cannot appeal a parent or guardian's refusal to provide financial support, which means that some students may not have enough funds to pursue a university education.

Finally, co-op program fees can add significant costs to a student's education. Students on consecutive co-op terms can begin to incur interest charges on their OSAP loans if they do not apply for interest-free status.

#### ***Unreasonable Expected Contributions***

Low-income families are less likely to create Registered Education Savings Plans (RESPs) than families with higher incomes, and the provincial government does not provide incentives for Ontarians to create and maintain education savings plans. Moreover, contributions made to RESPs are not tax deductible.

The financial contributions expected of parents and spouses toward post-secondary education are unreasonably high, which makes some students ineligible for OSAP. The current OSAP application does not factor debt into spousal, parental, and individual expected contributions. OSAP's 2019 changes place additional financial strain on students, who are now expected to have their parents or guardians support their education for an additional two years: students are now considered financially dependent until they are six years out of high school, regardless of whether their parents are contributing to their education. The process of claiming financial independence is restrictive and difficult to navigate, particularly for marginalized students. The processes of appealing expected individual and parental/spousal contributions are inaccessible as well.

### ***Confusing User Experience***

The National Students Loans Service Centre (NSLSC) website is inaccessible, which prevents students from understanding their loans, interest, and cumulative debt. Many are unaware that they can transfer information from their Ontario Universities' Application Centre (OUAC) account to their OSAP account. Further, information on the current OSAP website is not centralized on one webpage, which makes it difficult to find and access information.

### ***Insufficient Data Collection***

The Ministry of Training, Colleges and Universities (MTCU) does not collect and report data to track the success of OSAP and its recipients, and this lack of OSAP data can impede policy change and delay improvements to the program. Despite corridor funding models, the MTCU used enrollment levels – a poor metric – to determine the effectiveness of the 2016-2018 OSAP model. Finally, marginalized communities may be concerned about data collection if they are not consulted in the process and are unaware of how the data will be used.

### ***Lack of Instruction on Financial Literacy***

When deciding whether to pursue post-secondary education, high school students lack knowledge about what financial aid may be available to them. Ontario's student financial aid system can be confusing, and university students often lack the financial literacy skills needed to make important financial decisions. University financial aid offices do not adequately inform students on basic financial literacy topics such as loan interest rates, budgeting, debt, debt aversion, and taxes. This is especially important given that when students come to university, they are often living away from home and taking charge of their personal finances for the first time.

### ***More Debt, Less Grants***

OSAP's January 2019 changes reduced total support offered to low-income families. Targeted free tuition did not account for more expensive degree programs such as professional undergraduate programs. Regression toward the pre-2016 OSAP system would have negative effects on the needs-based nature of OSAP, and currently, grant eligibility over the free tuition threshold decreases disproportionately to increases in family income.

While attending university, some students may not have access to their families' financial means or may have assets that they are unable to access. There was also a drastic decrease in the amount of financial aid available following the January 2019 OSAP announcement. Further, OSAP's net billing program may leave students unable to pay rent or finance living expenses at the beginning of their academic term.

Repaying high debt loads can prevent students from achieving key milestones after graduation, such as purchasing a home or starting a family. While the provincial government expects students without a permanent debilitating disability to repay their debt within fifteen years, increasing levels of government-administered student debt through OSAP can make repayment more difficult. Some students may require debt restructuring to make repayment possible.

Students are often responsible for paying off substantial debt when they may not have stable sources of income. The current interest rate charged on student loan debt exceeds the cost of borrowing, meaning students are paying more in interest than it costs the government to fund their loans. Further, instant interest accrual does not reflect the reality that students may take months or years post-graduation to secure steady, gainful employment.

Increases to tuition beyond the rate of inflation have led to a steady increase in the cost of education, and cuts to OSAP may prevent students from covering reasonable living costs. The annual Student Access Guarantee guidelines, which can help resolve this issue, are not readily accessible.

The Ministry of Training, Colleges and Universities (MTCU) does not require reports on tuition set-aside expenditures from institutions. The tuition set-aside is directed at domestic students and funds are typically only available to OSAP-eligible students; as a result, rapidly expanding international student tuition rates in Ontario will leave international students that are qualified but less well-off without financial access to Ontario's university system.

When the 2016 changes to OSAP were announced, the Ontario Student Opportunities Grant (OSOG) was eliminated, removing the cap on student debt in Ontario. Rising fees and changes that increase loan amounts for students under OSAP mean that student debt could increase drastically.

Information about OSAP calculations is not transparent, and the OSAP calculator and Aid Estimator are often the only tools students have to predict OSAP award amounts. Unpredictable loan and grant amounts can prevent students from paying for food, textbooks, and other expenses. With year-to-year changes in OSAP, students who were confident in their financial ability to complete their education may be forced to withdraw from study.

## RECOMMENDATIONS

### ***Improving Eligibility and Assessment***

The provincial government should reverse the change that stipulates students in second-entry degree programs receive a minimum 50% loan as part of their financial aid package. Professional students in similar economic situations to those in arts and science programs should not be expected to contribute more to their degree. In turn, the Ministry of Training, Colleges and Universities (MTCU) should modify the OSAP formula to consider accreditation fees usually incurred in students' undergraduate studies.

The provincial government should make several changes to OSAP. First, the program should mirror the 2019 federal government's financial aid program and provide enough financial aid for part-time students. To determine how much financial aid part-time students receive, the provincial government should use the assessed cost of tuition based on the number of credits students are taking. They should also modify OSAP to provide part-time students with financial aid that factors in the cost of tuition, travel, and living.

The provincial government should remove OSAP eligibility for students attending private or non-Canadian universities. They should also ensure that, in terms of OSAP eligibility, refugees or permanent residents in Canada are always treated the same as Canadian citizens.

The MTCU should better promote the OSAP appeals processes, both on the OSAP website and when communicating OSAP estimates to students. They should also modify the OSAP appeals process to allow students without financial aid from parents or family to be eligible for more grants and loans.

The provincial government should ensure that the OSAP funding formula accounts for the cost of co-op program fees and provides adequate financial aid to co-op students. They should also work with university registrars to automatically confirm students enrolled in co-op work terms so that these students do not need to manually submit an interest-free status form. Finally, the provincial government should prohibit offsetting financial aid grants with co-op work-term income and other cash-equivalent benefits.

### ***Making Expected Contributions Reasonable***

The provincial government should lobby the federal government to: (1) increase the Canada Learning Bond grant; (2) provide a higher rate of additional Canada Education Savings Grant funding for low-income families; and (3) change Registered Education Savings Plan (RESP) contribution tax rules to make personal contributions tax-deductible and Education Assistance Payments tax-free upon withdrawal.

Low-income families who create an RESP late should be eligible to retroactively claim all provincial and federal RESP grants, especially those that do not require personal contributions. In the interim, the provincial government should develop a promotional plan to ensure all families, particularly those with

low-income status, are aware of RESPs and associated grants. To help low-income families, the MTCU should create provincial grants similar to British Columbia's Training and Education Savings Grant and the Canada Learning Bond.

The provincial government should lower the expected parental and spousal contributions to, at minimum, match those expected by the federal Student Loans and Grants program. They should, like most Canadian provinces, define 'financially independent students' as those who have been out of secondary school for four years, rather than six. The government should also factor current household debt into the calculation of expected parental, spousal, and individual contributions to post-secondary education. Finally, they should increase grants to students from families with low disposable income.

### ***Clarifying User Experience***

The Ministry of Training, Colleges and Universities (MTCU) should provide information about the National Student Loans Service Centre (NSLSC) on the OSAP website, which should be redesigned to centralize all information on one webpage. Further, the MTCU should lobby the federal government to redesign the NSLSC website to be more user-friendly. They should also collaborate with the Council of Ontario Universities (COU) to develop a feature that allows students to easily apply for grants and bursaries through the OSAP website, and this feature should prompt students to apply for grants and loans that they are eligible for based on their OSAP application. The MTCU should also develop a feature on the OSAP website that automatically prompts new users to sync their Ontario Universities' Application Centre (OUAC) account, and the OUAC should develop a feature on its website that prompts students to apply for financial aid from OSAP upon acceptance to an undergraduate program.

### ***Increasing Data Collection***

To determine the success of the OSAP program, the Higher Education Quality Council of Ontario (HEQCO) should collect data on all OSAP recipients during and after their post-secondary education. To determine whether students from under-represented groups have enrolled, the Ministry of Training, Colleges and Universities (MTCU) should develop, launch, and incentivize students to participate in a voluntary demographic survey when they apply for OSAP. The MTCU and HEQCO should be transparent to students and the public about how they use survey information (for example, by posting how the data will be used, both on the survey itself and on their website).

### ***Improving Loans and Grants***

The provincial government should work with the Ontario School Counsellors' Association (OSCA) to train high school guidance counsellors so that they can provide students with adequate information on student financial aid. The Ministry of Education should incorporate information about student financial aid into the curriculum of the grade ten high school careers course.

The provincial government must provide university student financial aid offices with baseline requirements about what financial aid information they need to provide on their website. The government should work with institutions to advertise and disseminate financial aid information in high traffic locations on university campuses. They should also require that university marketing and undergraduate recruitment offices include information on financial aid and OSAP in their offer of admission packages. Finally, the provincial government should run a campaign promoting and raising awareness of OSAP.

The Ministry of Training, Colleges and Universities (MTCU) should develop materials explaining financial literacy to students and distribute them to university financial aid offices. The provincial government should incentivize and provide funding to institutions to hire and retain financial counsellors, and to provide workshops on financial literacy topics for first-year students living on their own for the first time. These should include tax-filing workshops that inform students of both provincial and federal tax credits, exemptions, and rebates to which they may be entitled.

The provincial government should restore the targeted free tuition program implemented in 2016 for families in the first six income deciles. They should ensure that this program reflects the actual program-specific cost of tuition incurred by each student. When developing OSAP's new framework, the MTCU should use the actual cost of tuition, and not the average cost, to calculate the financial aid that students receive. The government should ensure that, in terms of grant awards, professional students eligible for targeted free tuition are not disadvantaged relative to non-professional students. They should also ensure that tuition calculations use the assessed cost of each individual student's tuition.

The provincial government should increase loan availability under OSAP to levels at least equal to those in 2018-19. They should establish an opt-in program under OSAP that gives students greater access to government loans if their families are demonstrably unwilling or unable to contribute to their education. The government should also ensure the continuation of the Student Access Guarantee (SAG) program, which provides additional grants and loans to students who do not have the ability to pay for tuition due to circumstances that are either unlikely or not considered by OSAP; the government should also create a loan program to provide funding for students in said circumstances.

The provincial government should continue to offer the OSAP Repayment Assistance Program (RAP) and to use family income to determine the affordable payment amount. They should, however, lower the rate of repayment to 10% of total household income. They should continue to ensure that debt reduction under the RAP is disbursed according to the calculated affordable payment amount. The government should continue to give special consideration to borrowers with permanent disabilities.

The provincial government should set the rate of interest accrual on OSAP loans to the government's borrowing rate, the prime interest rate, or an average inflationary adjustment – whichever is lowest. They should continue to calculate only simple interest on the provincial portion of student loans, and they should implement a two-year grace period after graduation to ensure that students are financially able to cover interest payments. The provincial government should work with the federal government to harmonize their practices with the recommendations given above.

The provincial government should let students choose how they receive their OSAP disbursements, either by traditional direct deposit or by net tuition billing.

The provincial government should continue to enforce the tuition set-aside program at its current 10% rate. They should mandate, in the Student Access Guarantee (SAG) guidelines, that excess funds from tuition set-aside programs be directed to roll over to the following year. The government should also make the SAG guidelines easily accessible, and they should require that universities produce public reports on tuition fee set-aside spending.

In its tuition protocol, the provincial government should establish an international tuition set-aside at the same 10% rate as the domestic set-aside, with funds directed specifically to needs-based financial aid for international students.

The provincial government should reinstitute a version of the Ontario Student Opportunity Grant (OSOG), establishing a reasonable limit on student debt for first-entry programs with an additional cap added for second-entry programs.

To ensure that the OSAP calculator and Aid Estimator are accurate, the provincial government should develop a testing program which simulates student inputs. They should develop, post, and promote a form to collect complaints and comments about disparities between expected and actual OSAP disbursements, and they should publicize the formula used to calculate financial need and available resources. The government should guarantee that students receive, at minimum, the same amount of grants and total financial aid for each year of their degree program, assuming their financial circumstances remain the same.

## INTRODUCTION

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Access to higher education has become increasingly important for the success of our province and for all Ontarians. We live in a rapidly-changing world – one that requires diverse skills, jobs, and voices. At their core, post-secondary institutions provide a social good by giving students the tools to become the innovators, problem solvers, and story tellers that our province needs as it faces change and new challenges. Having a post-secondary education also provides key benefits for individuals, such as improved health and greater employment opportunities. Despite these benefits, not all Ontarians are able to pursue post-secondary education because barriers to affordability and accessibility continue to exist. To unlock Ontario’s full potential, the province must remove as many barriers as possible for all potential students so that every qualified applicant has the opportunity to enrich both themselves and the province.

Ontario’s post-secondary education funding is a contentious point of discussion among policy-makers, students, and post-secondary administrators. Over the years, provincial transfers to university operating budgets have declined, and there has been a significant shift away from a publicly funded model of post-secondary education toward a publicly assisted model. Tuition costs have risen steadily over the years, outpacing both the rate of inflation and the median family income, and many Ontarians struggle to cover the cost of university (up until 2019, tuition fees could rise annually by 3-5% depending on the program).<sup>1</sup> Recent graduates are expected to have incurred significantly more debt than previous generations, and for many, important milestones like saving up for a home are extremely difficult. Instead, today’s graduates find themselves in an ongoing cycle of debt accumulation. In 2016-17, the average Ontario Student Assistance Program (OSAP) debt was \$23,583, even after some students received the Ontario Student Opportunity Grant (OSOG), which helps reduce debt.<sup>2</sup> The full cost of education (tuition, textbooks, living expenses, etc.) poses a significant financial obstacle, and post-secondary education is simply not an option for many students. As a response to this obstacle, both the provincial and federal governments provide financial assistance to students by subsidizing some of costs associated with post-secondary education.

Students in Ontario can receive financial assistance through Canada Student Loans (CSL), Canada Student Grants (CSG), and the Ontario Student Assistance Program (OSAP). The Canada-Ontario Integrated Student Loan (COISL) program is a combined federal and provincial student loan delivered to students through OSAP; CSL composes 60% of the COISL according to the federal government.<sup>3</sup> At the federal level, CSL and CSG, as well as the Repayment Assistance Plan (RAP), provide post-secondary students with loans and grants, as well as debt remission for those who are eligible. The federal government recently increased the amount of the CSG, which provides low-income families with grants that go toward their child’s Registered Education Savings Plan (RESP). Additionally, loans, grants, and some other forms of debt reduction are available at the provincial level through OSAP.

Under the previous provincial government’s “new OSAP” system (a framework of OSAP introduced in 2016 and implemented for the 2017/2018 academic year), the average tuition cost for post-secondary students coming from families making \$50,000 or less was entirely subsidized through provincial and federal grants; this change also made it easier for middle-income families to benefit from the program.<sup>4</sup> The new program, based on a targeted free tuition (TFT) model, revamped the old financial assistance program by consolidating several grants (including the “30% Off Ontario Tuition Grant”), as well as tax credits and bursaries, in order to provide more non-repayable financial aid to students. Over 240,000 students benefited from these changes in the 2017-18 academic year.<sup>5</sup> Many of the 2016 changes to OSAP were based on policy recommendations made by OUSA: we advocated for building a more flexible

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<sup>1</sup> Ontario Ministry of Advanced Education and Skills Development, Tuition Framework: 2013-2018, (2018).

<sup>2</sup> Ontario Ministry of Advanced Education and Skills Development, Student Financial Assistance Branch data request, (December 2018).

<sup>3</sup> “Canada Student Loans – Overview,” Government of Canada, accessed March 22, 2019, <https://www.canada.ca/en/employment-social-development/services/education/student-loan.html>.

<sup>4</sup> Valerie Ouellet, “40% of Ontario full-time post-secondary students granted free tuition, CBC analysis shows,” *CBC News*, February 4, 2019, <https://www.cbc.ca/news/canada/toronto/ontario-schools-tuition-data-1.5003005>.

<sup>5</sup> Ontario Ministry of Advanced Education and Skills Development, Student Financial Assistance Branch data request, as of Sept 10, 2018 (2018).

financial aid system that addressed individual circumstances while assisting those with the greatest needs first, and ultimately a TFT model for Ontario was successfully, albeit briefly, adopted by the province. The guiding principles of a TFT model revolve around improving access to post-secondary education by focusing on needs-based, or income-contingent, aid.<sup>6</sup> The assumption is that most students and families are able to pay for their education, but for those who are unable to, government aid will cover fees related to their education.<sup>7</sup> Wider OSAP changes implemented for the 2017-2018 academic year also included a reduction in expected parental contributions, expanded eligibility for independent students and part time students, and the introduction of net billing (i.e. grant funding is applied directly to tuition, and students only have to pay the difference).

Both provincial and federal forms of funding for post-secondary education have evolved over the years and, recently, significant changes were announced by the current provincial government that affect the tuition framework and OSAP. These changes signal a shift away from a grants-based program to a primarily loans-based program. On January 17, 2019, the provincial government announced the following major changes to Ontario's post-secondary tuition rates and OSAP (to be implemented for the 2019-2020 academic year):<sup>8</sup>

- Tuition for all students enrolled in domestic programs for 2019-2020 is to be reduced by 10%, followed by a tuition freeze for the 2020-2021 academic year;
- The share of funds going to those who need them most (low-income families) is to be increased by raising the percentage of transfers to them;
- The six-month interest-free grace period for repayment on the provincial portion of the Canada-Ontario Integrated Student Loan (COISL) is to be removed;
- The family income thresholds associated with eligibility for grants is to be reduced;
- The definition of an independent student is to be changed from an individual four years out of high school to an individual six years out of high school;
- The grant-to-loan ratio is to be changed to a minimum of 50% loans for students enrolled in a second-entry program; and
- Non-essential ancillary fees are to be made optional (a change known as the Student Choice Initiative).

Prior to the 2019 announcement by the Ministry of Training, Colleges and Universities (MTCU), the Office of the Auditor General of Ontario released its Annual Report in the Fall of 2018. The Auditor expressed concern about the unexpected increase in OSAP expenditures as well as the lack of data collection and reporting about the impacts of OSAP.<sup>9</sup> The report prompted the Ministry to follow through on several recommendations, including co-ordinating the tracking and public reporting of outcomes for OSAP recipients with government agencies.

During this crucial period of change, this policy paper is intended to articulate students' concerns and provide their vision for Ontario's student financial aid system. All recommendations are directed at the provincial government and are based on research conducted by experts, academics, and government agencies, as well as the experiences of undergraduate students. Except where otherwise noted, discussion primarily focuses on financial assistance available to full-time undergraduate students enrolled in public post-secondary institutions. Examples tend to reflect single students in two-term, first-entry programs that live either at home with family or away from home in the communities where their universities are located.

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<sup>6</sup> Alex Usher & Robert Burroughs, *Targeted Free Tuition: A Global Analysis* (Toronto, ON: Higher Education Strategy Associates, 2018).

<sup>7</sup> *ibid.*

<sup>8</sup> Ministry of Training, Colleges and Universities, "Backgrounder: Affordability of Postsecondary Education in Ontario," *Government of Ontario Newsroom*, January 17, 2019, <https://news.ontario.ca/maesd/en/2019/01/affordability-of-postsecondary-education-in-ontario.html>.

<sup>9</sup> Bonnie Lysyk, *Office of the Auditor General of Ontario: Annual Report 2018* (Toronto, ON: Queen's Printer for Ontario, 2018).

## ELIGIBILITY AND ASSESSMENT

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### PROFESSIONAL STUDENTS

**Principle:** The Ontario Student Assistance Program (OSAP) should provide students in similar economic situations with an equitable amount of assistance regardless of their choice in program.

**Principle:** Students pursuing professional degree programs who are deemed to be in the most financial need by the OSAP formula should receive enough financial assistance to cover their cost of tuition, similar to those in arts and science programs.

**Principle:** Students should not be deterred from pursuing second-entry professional programs due to a fear of unmanageable debt.

**Concern:** Students may be discouraged from enrolling in professional programs if they are less likely to receive adequate financial aid.

**Concern:** Given the 2019 changes to OSAP, students in second-entry degree programs will receive significantly less financial aid.

**Concern:** Professional students are expected to make higher personal contributions to their degree than those enrolled in arts and science programs.

**Concern:** Accreditation fees are not used in OSAP's calculation of tuition fees for professional students.

**Recommendation:** The provincial government should reverse the change that stipulates students in second-entry degree programs receive a minimum 50% loan as part of their financial aid package.

**Recommendation:** In the development of the 2019 OSAP formula, professional students in similar economic situations to those in arts and science programs should not be expected to contribute more to their degree.

**Recommendation:** The Ministry of Training, Colleges and Universities (MTCU) should modify the OSAP formula to consider accreditation fees usually incurred in students' undergraduate studies.

Professional programs are defined as undergraduate programs that are distinct from traditional arts and science programs. They include engineering, business/commerce, law, medicine, dentistry, pharmacy, and optometry programs. Often, professional programs are second-entry programs, meaning they require students to complete all or a portion of a traditional undergraduate degree prior to enrollment. They also have higher tuition rates than arts and science programs, which is the result of past tuition frameworks that allowed tuition rates to increase faster than non-professional programs.

When the provincial government develops the new OSAP framework (2019 and onward), they should ensure that the ratio of financial aid to expected education costs is equal for professional and non-professional programs. This includes providing an equitable amount of grants to students; in particular, students from low-income backgrounds who pursue professional programs should receive enough grants to cover the cost of their tuition. The government should also ensure that OSAP funding amounts account for the accreditation fees that many students incur as part of their undergraduate programs.

The provincial government is changing the grant-to-loan ratio to a minimum of 50% loans for students enrolled in a second-entry program;<sup>10</sup> this change will have a significant impact on the affordability of second-entry degrees. For example, consider an independent Western law student with a total income of

<sup>10</sup> Ministry of Training, Colleges and Universities, "Backgrounder: Affordability of Postsecondary Education in Ontario," *Government of Ontario Newsroom*, January 17, 2019, <https://news.ontario.ca/maesd/en/2019/01/affordability-of-postsecondary-education-in-ontario.html>.

\$20,000. If they had applied for OSAP for the 2018-19 academic year, they would have received \$9,200 in grants and \$7,100 in loans – a total of \$16,300.<sup>11</sup> This is a higher grant-to-loan ratio than the proposed changes to the OSAP program. According to the 2019-2020 OSAP calculator, that same student (studying law at Western with a total income of \$20,000) will receive \$3,200 in grants and \$10,300 in loans – a total of \$13,500.<sup>12</sup> This is a significant reduction in grants and a moderate reduction in total financial aid, and this change will force students to take on more debt, possibly from non-OSAP sources. Their financial aid may not cover the total cost of their education. The provincial government should reverse this change and provide students with a grant-to-loan ratio based on their financial need.

## PART-TIME STUDENTS

**Principle:** A student's decision to study part-time should not be influenced by their financial ability to attend university.

**Principle:** Part-time students should receive an equitable and proportional amount of financial aid comparable to students studying full-time.

**Principle:** Financial aid for part-time students should be evaluated based off of the actual cost of tuition.

**Concern:** Students in part-time studies receive considerably less financial aid from the provincial government.

**Concern:** As a result of receiving less financial aid, students who want to study part-time may either feel pressured to enroll in additional courses, placing themselves in an unmanageable workload or financial position, or drop all of their courses.

**Concern:** Students enrolled in part-time studies may be the most in need of financial aid as a result of disability, short-term illness, financial challenges, increased caretaking roles, or other factors that may prevent them from studying or working full-time, and yet they still receive less funding.

**Concern:** The Ontario Student Assistance Program (OSAP) only provides part-time students with a maximum allotment of \$500 in grants per year.

**Concern:** At some institutions, the marginal cost per additional course decreases, resulting in part-time students paying a higher average cost per course than full time students.

**Recommendation:** The provincial government should modify the OSAP program to mirror the 2019 federal government's financial aid program in order to provide enough financial aid for part-time students.

**Recommendation:** The provincial government should use the assessed cost of tuition based on the number of credits students are taking, when determining how much financial aid part-time students should receive.

**Recommendation:** The provincial government should modify the OSAP program to provide part-time students enrolled in degree programs with financial aid that factors in the costs of tuition, travel, and living.

<sup>11</sup> "OSAP Aid Estimator," Government of Ontario, accessed March 22, 2019, <https://osap.gov.on.ca/AidEstimator1819Web/enterapp/enter.xhtml>.

<sup>12</sup> "OSAP Calculator," Government of Ontario, accessed March 25, 2019, [https://www.ontario.ca/page/osap-ontario-student-assistance-program?\\_ga=2.196391212.1050231859.1549500468-260786113.1549164883](https://www.ontario.ca/page/osap-ontario-student-assistance-program?_ga=2.196391212.1050231859.1549500468-260786113.1549164883).

In 2010, approximately a quarter of Canadian undergraduates were part-time students.<sup>13</sup> Of those students, 60% were over the age of 25 (compared to 13% of full-time students).<sup>14</sup> These mature part-time students may have chosen to pursue part-time studies so that they could care for dependents, work a full-time job, or fulfill financial responsibilities that would make it difficult to be a full-time student. OUSA's data from the 2017 Ontario Post-Secondary Student Survey shows that part-time students were more likely to be: (1) mature students; (2) managing a disability; (3) coming from rural areas; or (4) coming from lower-income families. Students who cannot pay full-time tuition fees should not be forced to study part-time, and this problem can be addressed by offering adequate financial assistance. Additionally, students who demonstrate financial need and choose to study part-time should be able to receive enough financial aid to cover tuition and the cost of living.

Part-time studies drastically impact student eligibility for OSAP. While full-time students can receive thousands of dollars in grants, part-time students can only receive a maximum of \$500 in grants from the provincial government.<sup>15</sup> This is despite part-time students paying more per credit than full-time students at some institutions. For instance, at Laurier, the cost of a one-semester arts and science course is \$799.68.<sup>16</sup> However, Laurier undergraduates enrolled in six one-semester courses pay \$3,969.04, or \$661.50 per course.<sup>17</sup> The federal government also provides additional assistance to full-time students, including up to \$1,800 in grants.<sup>18</sup> Part-time students are also eligible for loans, though the balance cannot exceed \$10,000 at any given time, which may pose a barrier to students who are not working full-time and are studying part-time for multiple semesters.<sup>19</sup> Due to their lack of financial aid, part-time students may be forced to either enroll full-time or to discontinue their studies.

The provincial government should support all students who pursue higher education while respecting their choice to study full or part-time. For this reason, the government should modify the OSAP formula to provide part-time students who demonstrate financial need with the financial assistance required to cover their tuition, travel, and living expenses. The formula should be similar to the one used for full-time students, taking into consideration how much a student is working, how much money they have saved, and how many dependents they have. It should also use the assessed cost of tuition based on the number of courses a student is taking to determine how much financial aid part-time students receive. Ontario's OSAP program for part-time students can complement the federal program, filling the financial gaps that part-time students face after using federal resources. That way, the program will not duplicate resources and will be financially sustainable.

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<sup>13</sup> Association of Universities and Colleges of Canada, *Trends in Higher Education Volume 1 – Enrolment* (Ottawa, ON: The Association of Universities and Colleges of Canada, 2011), 7.

<sup>14</sup> *ibid.*

<sup>15</sup> "Maximum amounts of aid," Government of Ontario, accessed February 3, 2019, <https://www.ontario.ca/page/maximum-amounts-aid>.

<sup>16</sup> "Tuition Fees," Laurier University, accessed March 1, 2019, <https://students.wlu.ca/registration-and-finances/tuition-and-fees/fees-breakdown/tuition-fees.html>.

<sup>17</sup> *ibid.*

<sup>18</sup> "Canada Student Grants for Part-Time Studies," Government of Canada, accessed February 3, 2019, <https://www.canada.ca/en/employment-social-development/services/education/grants/part-time.html>.

<sup>19</sup> *ibid.*

## OSAP ELIGIBILITY

**Principle:** Public financial aid should be prioritized for students attending public Canadian institutions.

**Principle:** Public tax dollars are not put toward private K-12 institutions and thus should not go toward private post-secondary institutions.

**Principle:** Refugees and permanent residents should be afforded the same access to education as Canadian citizens.

**Concern:** The 2019 Ontario Student Assistance Program (OSAP) model changes have resulted in the reduction in the number of grants and loans available to students.

**Concern:** Students attending private post-secondary institutions are eligible for more financial aid than those at public post-secondary institutions.

**Concern:** Providing students attending private post-secondary institutions with public financial aid is in turn financing private institutions and may be encouraging them to increase their tuition fees to unmanageable levels, resulting in high default rates.

**Recommendation:** The provincial government should remove the OSAP eligibility of students attending private universities and non-Canadian universities.

**Recommendation:** The provincial government should ensure that refugees or permanent residents in Canada are always treated the same as Canadian citizens in terms of OSAP eligibility.

In 2019, the provincial government cut approximately half of OSAP funding.<sup>20</sup> Students will now receive fewer grants and loans to cover their cost of education. OUSA does not support these cuts; however, if the provincial government will not restore funding, they should at least re-evaluate OSAP's eligibility requirements based on the type of institution students are attending so that they can prioritize and provide funding to students attending publicly-funded institutions.

According to the 2019-2020 OSAP calculator, a student would receive more financial aid attending a private career college than they would if they pursued a university degree program.<sup>21</sup> If a high school student living at home with a family income of \$30,000 chooses to pursue an education at a private career college, they receive \$5,700 in grants and \$6,100 in loans – a total of \$11,800.<sup>22</sup> If the same student chooses to attend a public university, they receive \$4,800 in grants and \$4,100 – a total of \$8,900.<sup>23</sup> The gap is likely due to the difference in tuition: career college is estimated at \$10,300, while university is estimated at \$6,000. There is no information available on how much financial aid students receive if they choose to attend a private Canadian university or a university outside of Canada, though in past OSAP models, students attending foreign institutions have often received more financial aid than students attending public institutions in Canada.<sup>24</sup>

Students attending private or non-Canadian institutions should not be eligible for financial aid from the provincial government. Students attending publicly assisted Canadian institutions should have priority

<sup>20</sup> Ministry of Training, Colleges and Universities, "Backgrounder: Affordability of Postsecondary Education in Ontario," *Government of Ontario Newsroom*, January 17, 2019, <https://news.ontario.ca/maesd/en/2019/01/affordability-of-postsecondary-education-in-ontario.html>.

<sup>21</sup> "OSAP Calculator," Government of Ontario, accessed March 25, 2019, [https://www.ontario.ca/page/osap-ontario-student-assistance-program?\\_ga=2.196391212.1050231859.1549500468-260786113.1549164883](https://www.ontario.ca/page/osap-ontario-student-assistance-program?_ga=2.196391212.1050231859.1549500468-260786113.1549164883).

<sup>22</sup> *ibid.*

<sup>23</sup> *ibid.*

<sup>24</sup> "OSAP Aid Estimator," Government of Ontario, accessed March 22, 2019, <https://osap.gov.on.ca/AidEstimator1819Web/enterapp/enter.xhtml>.

over government-funded financial aid. Public dollars do not go towards private K-12 institutions, and this principle should apply to private and non-Canadian universities as well. However, if the provincial government eliminates financial aid for students at non-public institutions, their OSAP eligibility should be gradually reduced over time so that they do not receive a drastic, sudden reduction in financial aid.

According to the Auditor General's 2018 Annual Report, private post-secondary institutions had the highest loan-default rates.<sup>25</sup> These loan defaults have cost the provincial government approximately \$14 million dollars over the past two years.<sup>26</sup> Sharing the cost of loan defaults with private institutions appears to be ineffective, and the provincial government should consider not providing financial aid to students attending private institutions.

If the provincial government reevaluates OSAP's eligibility requirements, they should ensure that no changes are made that would affect how an applicants' citizenship status would influence their financial aid eligibility. Refugees and permanent residents should be afforded the same rights to education as Canadian citizens. According to the federal government, permanent residents have the right to live, work, or study anywhere in Canada and are afforded most of the same social benefits as Canadian citizens.<sup>27</sup> It is important that OSAP continues to be one of the social benefits provided.

## OSAP APPEALS PROCESS

**Principle:** The Ontario Student Assistance Program (OSAP) appeals process should support students who are experiencing exceptional circumstances.

**Principle:** All students applying for funding through OSAP should be aware that there is an appeals process.

**Concern:** Students are unaware that there are OSAP appeals processes in place because such processes are not clearly advertised.

**Concern:** The Family Breakdown appeals form indicates that students will only be considered estranged under extreme circumstances such as abuse or addiction, which limits the many other realities of why students may be estranged from their families.

**Concern:** Refusals of financial support from parents or guardians cannot be appealed, causing some students to have insufficient funds that may prevent them from being able to pursue a university education.

**Recommendation:** The Ministry of Training, Colleges and Universities (MTCU) should better promote the current OSAP appeals processes, including on the OSAP website and when communicating to students about their OSAP estimates.

**Recommendation:** The Ministry of Training, Colleges and Universities (MTCU) should modify the OSAP appeals process to allow students who are not receiving financial aid from their parents/families to be eligible for more grants and loans, due to families being estranged or otherwise.

The OSAP appeal process allows students in exceptional circumstances to request that the provincial government review their application and amend the amount of financial aid they receive. Students can

<sup>25</sup> Bonnie Lysyk, *Office of the Auditor General of Ontario: Annual Report 2018* (Toronto, ON: Queen's Printer for Ontario, 2018) 457.

<sup>26</sup> "OSAP Calculator," Government of Ontario, accessed March 25, 2019, [https://www.ontario.ca/page/osap-ontario-student-assistance-program?\\_ga=2.196391212.1050231859.1549500468-260786113.1549164883](https://www.ontario.ca/page/osap-ontario-student-assistance-program?_ga=2.196391212.1050231859.1549500468-260786113.1549164883).

<sup>27</sup> "Understand permanent resident status," Government of Canada, accessed January, 30, 2019, <https://www.canada.ca/en/immigration-refugees-citizenship/services/new-immigrants/pr-card/understand-pr-status.html>.

appeal on several grounds, including income, expenses, family breakdown, a non-supporting step-parent, OSAP academic probation and restriction, residency reviews, and credit check reviews.<sup>28</sup> However, the government does not adequately promote this appeals process. On the OSAP home page, there is no indication that students can request an appeal; a search of the website also does not retrieve any results. The forms can only be found on university websites, which may not be the first place students think to check, given that they apply to OSAP through OSAP's website and not through their universities.

All students should be made aware of the appeals process so that they can access this assistance if they are in an exceptional circumstance. The Ministry of Training, Colleges and Universities (MTCU) should make the appeals process more transparent by promoting it on the OSAP website and informing students of the process when they receive their official OSAP estimate.

Some parents are unwilling to help finance their child's post-secondary education. This may be due to several factors, including personal beliefs and estranged relationships. However, OSAP eligibility for these students is still assessed based on their parents' income. Further, the Family Breakdown appeal only considers students estranged from their parents under extreme circumstances, such as drug addictions or abuse.<sup>29</sup> Students should have the ability to appeal if their parents are not providing them support in their post-secondary education. The MTCU should modify the Family Breakdown appeal process and broaden what they consider to be valid reasons that students are estranged from their parents. It should also create an appeal form that lets students appeal OSAP decisions in cases where their parents are not estranged but still do not contribute financially to their education. This will increase the accessibility of post-secondary education for students who, to this point, have been unsupported by the current system.

## CO-OP STUDENTS

**Principle:** Students in co-op programs should receive equitable financial aid in relation to students in non-co-op programs.

**Principle:** Income and other cash-equivalent benefits derived from co-op work terms should not be considered a form of financial aid, tuition reduction, or similar by the government and universities.

**Concern:** Co-op program fees can add significant costs to a student's education.

**Concern:** Students on consecutive co-op terms can begin to incur interest charges if they do not apply for interest-free status.

**Recommendation:** The provincial government should ensure that the Ontario Student Assistance Program (OSAP) funding formula accounts for the cost of co-op program fees and provides adequate financial aid for co-op students.

**Recommendation:** The provincial government should work with university registrar offices to automatically confirm when students are enrolled in co-op work terms so they do not have to manually submit an interest-free status form.

**Recommendation:** The provincial government should prohibit offsetting financial aid grants from work-term derived income and other cash-equivalent benefits for students on co-op work terms.

<sup>28</sup> University of Waterloo, "OSAP appeal and review forms," Student Awards & Financial Aid, accessed February 3, 2019, <https://uwaterloo.ca/student-awards-financial-aid/forms/osap-appeal-and-review-forms>.

<sup>29</sup> "2018-2019 OSAP Review Family Breakdown" (University of Waterloo, Student Awards and Financial Aid, form), accessed February 3, 2019, [https://uwaterloo.ca/student-awards-financial-aid/sites/ca.student-awards-financial-aid/files/uploads/files/2018-19\\_family\\_breakdown.pdf](https://uwaterloo.ca/student-awards-financial-aid/sites/ca.student-awards-financial-aid/files/uploads/files/2018-19_family_breakdown.pdf).

Students enrolled in co-operative education programs must pay mandatory co-op program fees in addition to their regular tuition. Over the duration of an academic program, these fees add significant costs. For example, at the University of Waterloo (home to Canada's highest co-op student enrollment), an undergraduate student pays a \$729 co-op fee between five and eight times (depending on the number of work terms in their program) which adds up to \$3,645-\$5,832 over the course of their degree.<sup>30</sup> In addition to these expensive co-op fees, there are other indirect costs of being a co-op student, including moving expenses (students often move to a new city every four months) and high housing costs (many co-op placements are in large urban centres where housing is more expensive). OSAP should consider these realities when determining how much financial aid co-op students receive.

When students earn income from their co-op work terms, that income impacts how much financial aid they receive from OSAP. However, to cover their expenses, many students require this additional income on top of their OSAP funding; it is also reported as employment income on their T4 tax slips. This suggests that income earned from co-op placements should be considered an additional form of student financial aid and, as a result, that students should not receive less financial aid because of it.

Co-op students also run into difficulties when it comes to maintaining interest-free status on their student loans. Typically, students attend university from September to April, are off for the summer, and then their new loans begin the following September. This cycle keeps student loans in interest-free status.<sup>31</sup> However, co-op students often follow a different cycle, one which includes both school and work terms. For example, if a student completes an eight-month work term, they will likely lose the interest-free status on their student loan.<sup>32</sup> While official co-op terms are eligible for interest-free status, many students manually complete a Continuation of Interest-Free Status Form and submit it to their university's student financial aid office. This is a cumbersome and inefficient process that some students may not even be aware of, which may cause them to accrue interest unnecessarily. This problem can be solved if university registrars automatically confirm work term enrollments for students. This process already occurs when a student applies to OSAP during a school term; so, for administrative ease on co-op students, the same should apply to work terms.

## EXPECTED CONTRIBUTIONS

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### PROGRESSIVE SAVINGS PLANS

**Principle:** Saving money for post-secondary education should not be a major financial strain for any individual and/or family.

**Principle:** All students should have access to a Registered Education Savings Plan (RESP).

**Concern:** Low-income families are less likely to create RESPs than families with higher incomes.

**Concern:** The provincial government does not provide incentives for Ontarians to have education savings plans.

**Concern:** Contributions made to RESPs are not tax deductible.

**Recommendation:** The provincial government should lobby the federal government to increase the Canada Learning Bond (CLB) grant.

<sup>30</sup> University of Waterloo, "Co-op fee FAQs," Co-operative Education, accessed March 22, 2019, <https://uwaterloo.ca/co-operative-education/your-co-op-fee/co-op-fee-faqs>.

<sup>31</sup> University of Toronto-Scarborough, "OSAP for Co-op," Management, <https://www.uts.utoronto.ca/mgmt/osap-co-op>.

<sup>32</sup> University of Waterloo, "OSAP," Co-operative Education, <https://uwaterloo.ca/co-operative-education/prepare-work/work-term/osap>.

**Recommendation:** The provincial government should lobby the federal government to provide a higher rate of additional Canada Education Savings Grant (CESG) funding for low-income families.

**Recommendation:** The provincial government should lobby the federal government to change RESP contribution tax rules to make personal contributions tax deductible.

**Recommendation:** The provincial government should lobby the federal government to change RESP contribution tax rules to make Education Assistance Payments tax-free upon withdrawal.

**Recommendation:** Low-income families who create an RESP late should be eligible to retroactively claim all provincial and federal RESP grants, especially those that do not require personal contributions.

**Recommendation:** In the interim, the provincial government should develop a promotional plan to ensure all families, particularly those with low-income status, are aware of RESPs and associated grants.

**Recommendation:** The Ministry of Training, Colleges and Universities (MTCU) should create a provincial grant similar to British Columbia's Training and Education Savings Grant to allow families to initiate an RESP.

**Recommendation:** The Ministry of Training, Colleges and Universities (MTCU) should create a provincial grant similar to the Canada Learning Bond to help low-income families.

For many Canadian parents, despite their best intentions, the responsibility to help fund their children's post-secondary education can be stressful and difficult.<sup>33</sup> According to a 2018 survey of over 10,000 Canadian parents, 51% of respondents said that they "worry that they do not have the financial resources to [provide this] support."<sup>34</sup> For 33% of respondents, it was necessary to dip into their retirement savings to help pay for their children's education.<sup>35</sup> Many students rely on their families to help pay for their post-secondary education, but research shows that seven in ten students also require non-family funding, such as government or bank loans.<sup>36</sup> This is indicative of the major financial strain that saving and paying for post-secondary education causes families.

The Registered Education Savings Plan (RESP) is a federal tax-free savings plan designed to help families save money for post-secondary education. Once a family creates an RESP, they are potentially eligible for two federal forms of funding: the Canada Education Savings Grant (CESG) and the Canada Learning Bond (CLB). The CESG matches 20% of personal RESP contributions of up to \$2,500 yearly, and an additional 10% or 20% on the first \$500 contributed yearly by low- or middle-income families through additional CESG (ACESG). In addition, low income families may be eligible for up to \$2,000 through the CLB. However, it seems that RESPs fail to effectively encourage families to save for post-secondary education: roughly six in ten families do not open an account and take advantage of RESP grants.<sup>37</sup>

A family's ability to save for post-secondary education, and their use of RESPs and associated grants, is correlated with their household income. Low-income families are much less likely to have RESPs; according to a 2017 Statistics Canada report, 9.8% of families in the bottom income quintile had an RESP account, compared to 31.8% of families in the top income quintile.<sup>38</sup> Lower-income families are less likely to benefit from tax breaks because they are already taxed at a lower rate and may find RESPs to be less

<sup>33</sup> Canadian Alliance of Student Associations, *Backgrounder: Parental Views on Post-Secondary Education* (Canadian Alliance of Student Associations, 2014).

<sup>34</sup> HSBC, *The Value of Education: The Price of Success Canada Factsheet* (London: HSBC Holdings plc, 2018), 7.

<sup>35</sup> Canadian Alliance of Student Associations, *Backgrounder: Parental Views on Post-Secondary Education* (Canadian Alliance of Student Associations, 2014).

<sup>36</sup> Sean Simpson, "Majority (56%) of Canadian Parents Not Taking Advantage of RESP Grants," IPSOS, August 29, 2017, accessed March 25, 2019, <https://www.ipsos.com/en-ca/news-polls/canada-parents-RESP-knowledge-first-financial>.

<sup>37</sup> *ibid.*

<sup>38</sup> Marc Frenette, "Which Families Invest in Registered Education Savings Plans and Does It Matter for Postsecondary Enrollment?," *Statistics Canada, Analytical Studies Branch Research Paper Series*, April 12, 2017, <https://www150.statcan.gc.ca/n1/pub/11f0019m/11f0019m2017392-eng.htm#a6a>.

beneficial. Further contributing to this is the fact that personal contributions to RESPs are not tax deductible, and Educational Assistance Payments (EAPs) that include government grants and interest are taxable upon withdrawal. Additionally, lower-income families are less likely to have enough disposable income to contribute to a savings plan; they are often less informed about RESPs and associated grants as well.<sup>39</sup> These factors likely prevent lower income families from creating RESPs for their children, which means they lose out on grants like the CLB. When these families do create RESPs, they often cannot afford to make personal contributions and so lose out on grants like the CESG. These effects are heightened in Ontario, where there are no provincial incentives for families to save for their children's post-secondary education. This is contrasted by British Columbia's Training and Education Savings Grant, which provides families with \$1200 if they initiate an RESP.

Having access to an RESP account, regardless of household income, is associated with higher rates of enrollment in post-secondary education.<sup>40</sup> Therefore, the provincial government must ensure that all students have access to an RESP. To do so, the government should incentivize and promote RESPs, especially for low-income families. This requires a shift in how RESP contributions are treated, including making contributions tax deductible and EAPs tax-free upon withdrawal. These changes would ensure greater accessibility to post-secondary education due to increased savings, especially for low-income families. Additionally, the government should develop more effective promotional materials and strategies and deliver them to families at immigration centres and childcare centres; that way, all families, especially low-income families, will be made aware of savings plans and associated grants. These promotional materials should emphasize that RESPs do not require families to make monthly or yearly contributions, which should encourage families to create these accounts. Finally, the provincial government should provide incentives to all families to create a RESP by developing a program similar to British Columbia's Training and Education Savings Grant. An initiative of this nature would provide necessary supports to students and their families in initiating an RESP.

To increase RESP accessibility, information on associated grants must also be made available; this should aim to encourage families to save for post-secondary education through both provincial and federal initiatives. The \$2000 provided by the Canada Learning Bond does little to cover the cost of post-secondary education; with rising tuition costs, this accounts for less than a quarter of an average student's yearly tuition for an arts degree.<sup>41</sup> In order to close the RESP use and contributions gap between low- and higher-income families, the Canada Learning Bond funding threshold should be increased as well as supplemented by an similar provincial grant. There should also be an increase to the ACESG funding provided to low-income families.

Government grants (especially the CLB and provincial equivalents) should be available retroactively to low-income families. There are several reasons for this: (1) it would ensure that low-income families have greater incentives to create an RESP; (2) it would account for a lack of access to information; and (3) it would make post-secondary education more accessible.

## FAMILIES AND STUDENTS

**Principle:** Families should not be unreasonably burdened by the cost of post-secondary education.

**Principle:** The assessment of individual, spousal, and familial contributions should take into consideration the context of an individual's situation.

**Concern:** The expected parental and spousal contributions are unreasonably high, which makes some students ineligible for the Ontario Student Assistance Program (OSAP).

<sup>39</sup> *ibid.*

<sup>40</sup> *ibid.*

<sup>41</sup> Statistics Canada, "Tuition fees for degree programs, 2018/2019," *The Daily*, September 5, 2018, <https://www150.statcan.gc.ca/n1/en/daily-quotidien/180905/dq180905b-eng.pdf?st=zbnok14T>.

**Concern:** The current OSAP application does not factor debt into spousal, parental, and individual expected contributions.

**Concern:** The 2019 OSAP changes place an additional financial strain on students, who are now expected to have their parents or guardians support their education for an additional two years.

**Concern:** As of 2019, students are not considered to be financially independent until they are six years out of high school, regardless of whether their parents are contributing to their education.

**Concern:** The process of claiming financial independence is restrictive and difficult to navigate, particularly for marginalized students.

**Concern:** The processes of appealing expected individual and parental/spousal contributions are inaccessible.

**Recommendation:** The provincial government should lower the expected parental and spousal contributions to at minimum match those expected by the federal Student Loans and Grants program.

**Recommendation:** The provincial government should, similar to most other Canadian provinces, define financially independent students as those who have been out of secondary school for four years.

**Recommendation:** The provincial government should redevelop the calculation of expected parental, spousal, and individual contributions to factor in current household debt.

**Recommendation:** The provincial government should increase grants to students whose families have a low disposable income, to account for greater savings and less accumulation of debt.

The cost of post-secondary education in Ontario is quite high, and yet financial aid often does not reflect and cover the true cost of education. Instead, students and their families are often expected to contribute a burdensome amount. Resource assessment varies greatly between the federal and provincial governments, and the provincial government expects much higher contributions from parents, spouses, and/or individuals than the federal government does.

Ontario's expected parental and spousal contributions are based on discretionary income, calculated by subtracting an allowance for a moderate standard of living from their net income in the previous tax year. However, the provincial and federal governments use vastly different definitions of a moderate standard of living. As a result, middle-income families eligible for federal funding are often ineligible for provincial funding.

Over half of Canadian parents worry that they do not have the financial resources to support their child's education.<sup>42</sup> Similarly, expected spousal contributions do not account for the fact that the student's household likely relies heavily on one spouse's income, since a full-time student may have little or no income of their own.<sup>43</sup> The high contributions expected of students' parents and spouses also disproportionately affect lower-income students, whose families are only expected to contribute to education costs once they reach the \$68,000 threshold.<sup>44</sup> To ease this burden, the provincial government should lower its expected contribution amounts to at least match the Canada Students Loans and Grants program. This will make post-secondary education more accessible; it will also allow for greater transparency and reaffirm a needs-based assessment process.

<sup>42</sup> HSBC, *The Value of Education: The Price of Success Canada Factsheet* (London: HSBC Holdings plc, 2018), 7.

<sup>43</sup> Student Financial Assistance Branch, Ministry of Training, Colleges and Universities, *OSAP: 2013-2014 Eligibility, Assessment and Review Manual, Part I* (Government of Ontario, May 2013), accessed March 25, 2019, <https://tallcoleman.me/assets/WpAssets/13-14-eligibility-manual-part-i-3.pdf>.

<sup>44</sup> "Reform of Ontario's Financial System," Ministry of Advanced Education and Skills Development, accessed February 1, 2019, [http://careercollegesontario.ca/Data/files/Conference%202017/OSAP%20Presentation%20-%20Presented%20by%20Travis%20Coulter%20of%20the%20MAESD%20\\_compressed.pdf](http://careercollegesontario.ca/Data/files/Conference%202017/OSAP%20Presentation%20-%20Presented%20by%20Travis%20Coulter%20of%20the%20MAESD%20_compressed.pdf).

Similarly, many individuals are burdened with the costs of post-secondary education as well. In January 2019, the Ministry of Training, Colleges and Universities (MTCU) announced a new definition of ‘independent student:’ an individual must now be six years out of high school to be considered independent, as opposed to four years, as it had previously been. This definition means that the government expects parents to contribute to their child’s education for an additional two years. This is unreasonable and not in line with the definition used by most other provinces: the Canada Student Loans and Grants website states that students who are four years out of high school are generally considered independent students.<sup>45</sup> Statistics show that three in five young adults live without their parents.<sup>46</sup> As a result, this new definition can pose a large financial burden on students: those who do not qualify as independent students (i.e. those who are less than six years out of high school) may still need to fund their own way through post-secondary education, despite being considered dependent. OUSA surveys indicate that 63% of students paid for post-secondary education using their own savings, and many students commented that their parents did not have the means to or did not want to pay for their education.<sup>47</sup>

The OSAP application and eligibility criteria fail to consider the unique situations of each individual. OSAP’s application process fails to consider debt load: rather than answering a question about debt load on their applications, applicants with debt must complete a lengthy appeals process to have their financial aid recalculated.<sup>48</sup> This can be especially difficult for students from low-income families that are more prone to debt, as the average debtor’s income is 41% lower than the province’s median income.<sup>49</sup> Integrating debt load into financial aid calculations would ensure that families are not forced into further debt by trying to pay for post-secondary education, a problem that disproportionately affects students from low-income or large families (i.e. families paying to educate several children).

## USER EXPERIENCE

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### ONLINE ACCESSIBILITY OF INFORMATION

**Principle:** Students should be able to easily apply for, monitor the status of, and repay financial aid online.

**Principle:** Students should be well informed on the financial resources available to them while applying to university.

**Principle:** All financial aid–related information should be easily accessible and digestible.

**Concern:** The inaccessibility of the National Students Loans Service Centre (NSLSC) website poses a barrier to students in understanding their loans, interest, and cumulative debt.

**Concern:** Many students are unaware that they can transfer information from their Ontario Universities’ Application Centre (OUAC) account to their Ontario Student Assistance Plan (OSAP) account.

**Concern:** Information on the current OSAP website is not centralized on one webpage, thereby making it difficult to find and access information.

<sup>45</sup> “Student Loans and Grants Eligibility Assessment Thresholds,” Government of Canada, October 19, 2019, <https://www.canada.ca/en/employment-social-development/services/education/student-loan-eligibility-assessment.html>.

<sup>46</sup> “Census in Brief: Young adults living with their parents in Canada in 2016,” Statistics Canada, August 2, 2017, <https://www12.statcan.gc.ca/census-recensement/2016/as-sa/98-200-x/2016008/98-200-x2016008-eng.cfm>.

<sup>47</sup> OUSA, *Ontario Post-Secondary Student Survey 2017*, data forthcoming.

<sup>48</sup> Flora Pan, “OSAP student funding considers income but not parents’ debt load,” *CBC News*, August 18, 2017, <https://www.cbc.ca/news/canada/kitchener-waterloo/parent-income-high-osap-finances-university-waterloo-1.4249481>.

<sup>49</sup> J. Doug Hoyes, “Low Income Ontarians More Prone to Debt Problems (Ontario Study),” *LawNow* (blog), Centre for Public Legal Education Alberta, March 6, 2018, <https://www.lawnow.org/low-income-ontarians-more-prone-to-debt-problems-ontario-study/>.

**Recommendation:** The Ministry of Training, Colleges and Universities (MTCU) should provide information about the National Student Loans Service Centre (NSLSC) on the OSAP website.

**Recommendation:** The Ministry of Training, Colleges and Universities (MTCU) should redesign the OSAP website to centralize all the information on one webpage, with drop down menus for further topic descriptions.

**Recommendation:** The Ministry of Training, Colleges and Universities (MTCU) should lobby the federal government to redesign the National Student Loans Service Centre (NSLSC) website to be more user friendly, using elements of user experience design.

**Recommendation:** The Ministry of Training, Colleges and Universities (MTCU), in collaboration with the Council of Ontario Universities (COU), should develop a feature that allows students to easily access applications for institutional and private grants and bursaries through the OSAP website.

**Recommendation:** The Ministry of Training, Colleges and Universities (MTCU), in collaboration with the COU, should develop a matching system that prompts students to apply to institutional and private grants and bursaries based on their eligibility as determined from the information on their OSAP application.

**Recommendation:** The Ministry of Training, Colleges and Universities (MTCU) should develop a feature on the OSAP website that automatically prompts new users to sync their OUAC account.

**Recommendation:** The Council of Ontario Universities (COU) should develop a feature on the OUAC website that prompts students to apply for financial aid upon acceptance to an undergraduate program.

A website's design fundamentally impacts user experience and accessibility. Studies show that when discussing mistrust, 94% of comments are directed at a web page's design rather than its content.<sup>50</sup> Users want to see aesthetically pleasing websites that avoid small print, dull web design, and a lack of colour; an ideal website addresses these needs.<sup>51</sup>

A website should also be accessible for a diverse range of users (i.e. across different devices) and should be easy to navigate. Technically, an accessible website is one that complies with the Accessibility for Ontarians with Disabilities Act (AODA) standards; in practice, however, a website should also make it easy for users to find the information they need. HubSpot, a company specializing in marketing, ran a survey in which 76% of consumers indicated that they wanted websites to prioritize making information easy to find.<sup>52</sup> This is especially important for financial aid websites, including those for OSAP and the National Student Loans Services Centre (NSLSC). Students use these websites to make important financial and budgeting decisions. However, students cannot make informed decisions without understanding how their financial aid is calculated, what grants and loans are available to them, how to apply to financial aid, and how to repay their loans.

Unfortunately, information about financial aid is decentralized and scattered across the OSAP and NSLSC websites, making it difficult for students to find information. In addition, the OSAP website often redirects students to other websites when they need more information: students need to access several websites to find enough information to answer their questions. To make information more accessible, the OSAP website should be streamlined with the Ontario Universities Application Centre (OUAC) website and the NSLSC website. Through features that prompt students to sync their data, apply for financial aid, or learn about repayments, students can have a more positive experience and be better equipped to navigate their financial aid decisions. This also requires a redesign of the OSAP website, which should

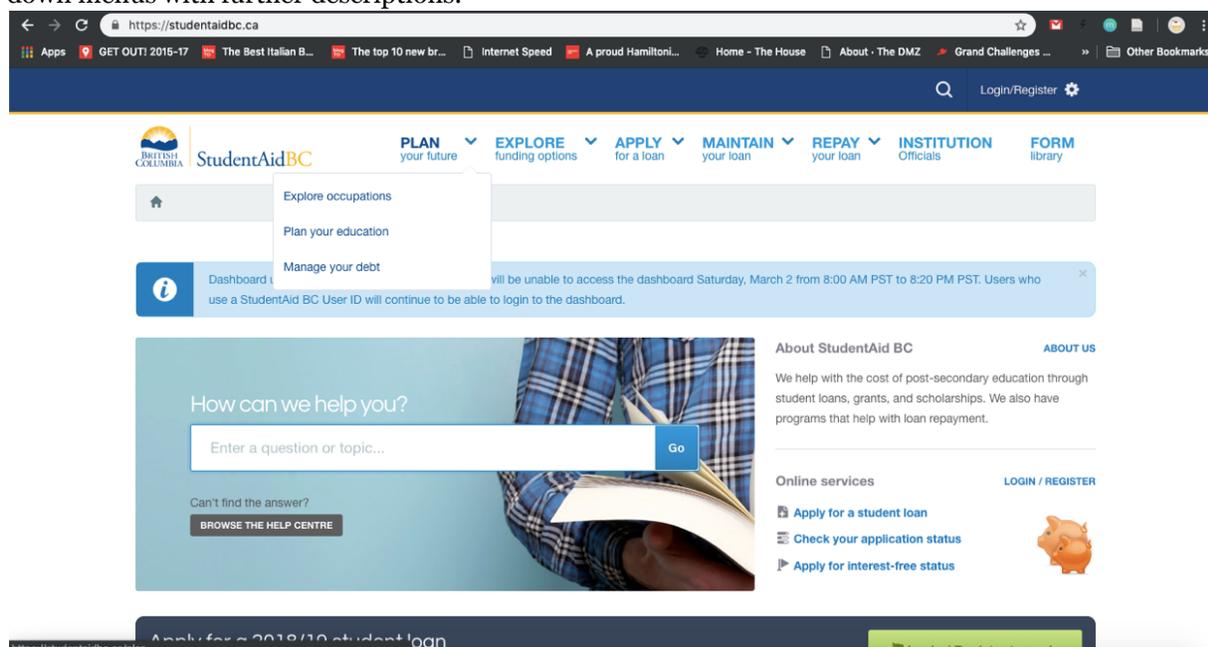
<sup>50</sup> Drew Hendricks, "Understanding the Full Impact of Web Design on SEO, Branding, And More," *Forbes*, February 11, 2015, <https://www.forbes.com/sites/drewhendricks/2015/02/11/understanding-the-full-impact-of-web-design-on-seo-branding-and-more/#61dfo86e64fe>.

<sup>51</sup> *ibid.*

<sup>52</sup> Mike Volpe, "What do 76% of Consumers Want From Your Website?," *Hubspot* (blog), June 1, 2011, <https://blog.hubspot.com/blog/tabid/6307/bid/14953/what-do-76-of-consumers-want-from-your-website-new-data.aspx>.

feature drop-down menus and all relevant financial aid information on the same webpage, similar to StudentAidBC's 2019 website (as seen in the attached screenshot). By housing all content on one website, students can avoid the confusion caused by having to switch back and forth between multiple websites and sources.

**Figure 1:** StudentAidBC's 2019 Website, featuring information centralized on one webpage and drop down menus with further descriptions.



This redesign to the OSAP website should also add features that better integrate grant and scholarship applications, including a redirection to institution-facing applications (i.e. scholarship applications to particular schools). The website should also match each student with the grants and scholarships that they are eligible for (as determined by the information provided on their OSAP application). This would help ensure that students can apply for all of the financial aid options available to them. A survey conducted by Scholarships Canada found that 3% of private and public funding goes unclaimed; in 2015, this amounted to approximately \$5 million.<sup>53</sup> Requiring students to complete multiple applications for financial aid, all housed on different websites, likely reduces the incentive to apply. With an all-encompassing OSAP website, financial aid applications would be easier to find and students would be able to apply to more funding sources – which could help make post-secondary education more accessible.

<sup>53</sup> Azzura Lalani, "With more than \$5 million going unclaimed each year, students advised to apply to as many as they can," *The London Free Press*, May 27, 2015, <https://lfpres.com/2015/05/27/with-more-than-5-million-going-unclaimed-each-year-students-advised-to-apply-to-as-many-as-they-can/wcm/35d8f64d-1dd7-8a09-b036-ef4e5575d6b3>.

## DATA COLLECTION

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### DATA COLLECTION

**Principle:** Comprehensive data on the Ontario Student Assistance Program (OSAP) should be collected to inform decisions related to the program.

**Principle:** Data should be stored securely and updated regularly so as to provide the most accurate information to policy and decision makers.

**Principle:** Any data collection activity should include clearly outlining and communicating the method, purpose, and risks associated.

**Principle:** Students should have clear and complete information about how data will be used and stored, and about how information will be reported – particularly those from marginalized communities who have previously been targeted for data collection.

**Concern:** The Ministry of Training, Colleges and Universities (MTCU) does not collect and report data that can track the success of the OSAP and its recipients.

**Concern:** The lack of data available on OSAP can impede policy change and improvements to the program.

**Concern:** Despite corridor funding models, enrollment levels were used as a poor metric to determine the effectiveness levels of the 2016-2018 OSAP model.

**Concern:** Marginalized communities may be concerned about data collection if they are not consulted in the process and are unaware of how the data will be used.

**Recommendation:** In order to determine the success of the OSAP program, the Higher Education Quality Council of Ontario (HEQCO) should collect data on all OSAP recipients during and after their post-secondary education.

**Recommendation:** The Ministry of Training, Colleges and Universities (MTCU) should develop, launch, and incentivize students to participate in a voluntary demographic survey when they apply for OSAP in order to determine if there has been an enrollment of students from under-represented groups.

**Recommendation:** The Ministry of Training, Colleges and Universities (MTCU) and Higher Education Quality Council of Ontario (HEQCO) should be transparent to students and the public about their usage of the demographic and survey information by posting how the data will be used both on the survey and on their website.

To create a successful financial aid program, there must be high-quality data collection, analysis, and reporting in the development process; this ensures that decisions and changes are evidence-based. Accurate data can be used to improve programs and monitor outcomes. Currently, little data is collected from those using OSAP, which makes it difficult to make informed policy decisions and track the impact of those decisions. The Ministry of Training, Colleges and Universities (MTCU) should address this concern and build a robust data collection system to help direct future policy decisions regarding OSAP.

OSAP's previous changes have been based on improper data interpretation. The Auditor General's 2018 Annual Report stated that the 2016-2018 OSAP programs were unsuccessful at increasing access to post-secondary education, citing the fact that enrollment at universities had only increased 1%.<sup>54</sup> This statistic

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<sup>54</sup> Bonnie Lysyk, *Office of the Auditor General of Ontario: Annual Report 2018* (Toronto, ON: Queen's Printer for Ontario, 2018) 457.

was further used to justify the 2019 changes to the OSAP program, which significantly reduced the number of grants and loans available to students. However, increases in university enrollment are restricted by corridor funding models, and universities will not usually accept more students than the amount negotiated with the provincial government. This prevents drastic enrollment increases. As such, the government should not use enrollment numbers to track OSAP's success or to justify changes to the program. Instead, the government should look to other metrics to determine whether OSAP is increasing accessibility to post-secondary institutions.

The MTCU should collect data from OSAP participants both during and after their post-secondary education. Collected data should be stored securely in a way that protects the privacy of students, and it should be updated regularly to continuously reflect the impact of policy decisions and guide future decisions. Additionally, when the MTCU collects data, it should clearly outline the method, purpose, and risks involved so that each student can make an informed decision about whether to provide responses.

The MTCU should also attempt to determine whether traditionally marginalized communities with low enrollment in post-secondary education are seeing an increase. To collect this data, the MTCU should create a voluntary demographic survey that OSAP applicants complete as part of their applications. Useful demographic data would include race, Indigenous ancestry/identity, disability type, sexual orientation, gender identity, immigration status, and parental/guardian education levels. This data will help determine if OSAP is improving access to post-secondary education and providing assistance to those who need it most.

It is critical that marginalized individuals understand the purpose of data collection and how data will be used. For many, self-identification has been detrimental to themselves or their families. As a result, students who are asked to self-identify take on the significant responsibility of determining whether the benefits of doing so outweigh the negative consequences.<sup>55</sup> The MTCU should provide clear and transparent information about the purpose of collecting demographic data both on its website and on the surveys themselves.

To determine whether OSAP is meeting its goal of reducing financial pressure on students, it should create: (1) an annual survey for students while they are studying; and (2) a post-graduation survey sent to former students until they have repaid their OSAP loans. The first survey should focus on student satisfaction with post-secondary education, the number of hours worked during the academic year, self-reported stress levels, self-reported causes of stress, and any other indicators that may help determine if OSAP is providing enough relief to students so that they can focus on their studies. The second survey, after graduation, should include questions about graduates' employment and average debt levels, as well as on when or if graduates achieve certain life milestones (home ownership, for example). If a student drops out of university before graduation, the MTCU should also attempt to determine why the student dropped out and whether cost was a contributing factor. Overall, this data will help the provincial government better understand which students are using OSAP and how the program affects students' lives both during and after their post-secondary studies.

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<sup>55</sup> John Doren et al., *What are Ontario's Universities Doing to Improve Access for Under-represented Groups?* (Toronto, ON: Higher Education Quality Council of Ontario, 2015).

## ACCESS TO INFORMATION

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### EARLY OUTREACH

**Principle:** High school students should have access to adequate information about Ontario's student financial aid system before deciding whether they want to pursue post-secondary education.

**Concern:** High school students lack sufficient knowledge about potential financial aid that may be available to them when deciding if they want to pursue post-secondary education.

**Concern:** High schools often do not provide information or make students aware of financial assistance that could be available to them if they pursue post-secondary education.

**Recommendation:** The provincial government should work with the Ontario School Counsellors' Association (OSGA) to develop best practises for training and information to high school Guidance Counsellors about student financial aid so they are equipped to provide students with this information.

**Recommendation:** The Ministry of Education should incorporate information about student financial aid as part of the curriculum of the grade ten high school careers course.

The cost of education plays an important role in a student's decision to pursue post-secondary education. The total cost of a traditional undergraduate degree for students living away from home is around \$20,000 per year, making education a significant financial decision.<sup>56</sup> Therefore, it is imperative that students have access to comprehensive information about how they can finance their post-secondary education.

Currently, high school students do not receive enough information about student financial aid before applying to university. Ontario's curriculum for *Guidance and Career Education* makes no reference to student financial aid.<sup>57</sup> The grade ten civics and careers course (which all Ontario high school students take) would be an excellent opportunity to teach students about the financial aid system and expose them early on to the options that may be available to them. Additionally, high school students rely on guidance counsellors for information when exploring their post-secondary education options, which makes it important that the counsellors are equipped with the tools and knowledge they need to help their students navigate the financial aid system.

### MARKETING AND INFORMATION

**Principle:** Students must be able to easily understand and navigate the financial aid system in post-secondary education.

**Principle:** Students must have easy access to information about the financial aid system so that they are aware of and able to receive the financial assistance to which they may be entitled.

**Concern:** Ontario's student financial aid system can often be confusing for students when information is not easily accessible or digestible.

**Recommendation:** The provincial government must provide university student financial aid offices with baseline requirements for what information they must provide to students on their website about financial aid in an accessible and digestible manner.

<sup>56</sup> Mark Brown, "The cost of a Canadian university education in six charts," *Macleans*, April 1, 2018, <https://www.macleans.ca/education/the-cost-of-a-canadian-university-education-in-six-charts/>.

<sup>57</sup> Ministry of Education, *The Ontario Curriculum Grade 9 and 10: Guidance and Career Education* (Toronto, ON: Queen's Printer for Ontario, 2006).

**Recommendation:** The provincial government should work with institutions on developing a strategic plan to advertise and disseminate information about student financial aid in high traffic locations on university campuses.

**Recommendation:** The provincial government should mandate that university marketing and undergraduate recruitment offices include information on student financial aid and OSAP in offer of admission packages to students.

**Recommendation:** The provincial government should run a promotional campaign on OSAP.

Students should have all relevant financial aid information available to them so that they can be empowered to make informed decisions. Unfortunately, this information is not always communicated to students in an accessible way. The *Canadian Student Survey*, completed by a coalition of student organizations including OUSA, had three-quarters of surveyed students fail a basic test on the financial aid system.<sup>58</sup> Furthermore, the survey also found that some students do not know what financial aid is available to them, including: (1) the 48% of students who were unaware that loans are available to part-time students and; (2) the 29% of students without loans or grants who were unaware that grants were available for eligible non-loan recipients. This means that some students who are entitled to financial aid might not receive it, simply because they are unaware of how the system works.

Research from the Higher Education Quality Council of Ontario (HEQCO) found a similar lack of student knowledge about the financial aid system: only 21% of students knew that OSAP could be used to attend Canadian post-secondary institutions outside of Ontario.<sup>59</sup> The provincial government should work with universities to disseminate financial aid information to students. Beyond family and friends, university student financial aid offices are students' most common primary source of information on financial aid.<sup>60</sup> The information provided on each institution's financial aid office website differs, both in terms of detail and accessibility. The provincial government should, therefore, work with institutions to develop guidelines on what information students need from financial aid offices. There may also be opportunities to market financial aid information more effectively: the government should run a promotional campaign on OSAP and may also consider requiring that OSAP information be included in admission offers so that it reaches every prospective student.

## FINANCIAL LITERACY

**Principle:** Prior to making important financial decisions such as pursuing a post-secondary education, students should have an understanding of basic financial literacy.

**Concern:** University students often lack the financial literacy skills they need when making important financial decisions.

**Concern:** University financial offices do not provide adequate information to students on basic financial literacy topics such as loan interest rates, budgeting, debt, debt aversion, and taxes.

**Concern:** When students come to university they are often living away from home and in charge of their personal finances for the first time.

**Recommendation:** The Ministry of Training, Colleges and Universities (MTCU) should develop materials to be distributed to university financial aid offices that explain basic and easily digestible

<sup>58</sup> Canadian Alliance of Student Associations, *The Illiteracy of the Literate: The Lack of Financial Aid Knowledge among Canadian University Students* (Canadian Alliance of Student Associations, 2010), 2

<sup>59</sup> Cassandra Cao, "Students' Perspectives on OSAP" *EduData* (blog), Higher Education Quality Council of Ontario, March 21, 2017, <https://blog-en.heqco.ca/2017/03/cassandra-cao-edudata-students-perspectives-on-osap/>.

<sup>60</sup> Canadian Alliance of Student Associations, *The Illiteracy of the Literate: The Lack of Financial Aid Knowledge among Canadian University Students* (Canadian Alliance of Student Associations, 2010), 25.

information for students pertaining to financial literacy including, but not limited to, loan interest rates, budgeting, debt, debt aversion, and taxes.

**Recommendation:** The provincial government should provide funding to institutions to hire and retain specialized counsellors in financial counselling.

**Recommendation:** The provincial government should provide funding to universities to provide workshops on important financial literacy topics, specifically targeted for first-year students who are living on their own for the first time.

**Recommendation:** Such workshops should be integrated with tax filing workshops so that students can be made more aware of both provincial and federal tax credits, exemptions, and rebates to which they may be entitled.

**Recommendation:** The provincial government should incentivize universities to have financial literacy workshops for new students.

When students begin post-secondary education, they are often living away from home and managing their personal finances independently for the first time. For those without basic financial skills, this can make an already new and stressful situation even more difficult. Most concerning, many students do not seem to understand how interest rates affect their student debt. In a survey by the Higher Education Quality Council of Ontario (HEQCO), just 16% of students knew that the federal portion of their loans began accruing interest immediately.<sup>61</sup> As interest accrues, this lack of knowledge can cost students significant amounts of money. Therefore, the provincial government should fund financial literacy resources at post-secondary institutions. These should include tax filing workshops aimed at informing students about provincial and federal tax credits, exemptions, and rebates. To the same end, the Ministry of Training, Colleges and Universities (MTCU) should develop and distribute materials to university financial aid offices that explain basic financial terms, including loan interest rates, budgeting, debt, and debt aversion.

Family or personal financial hardships can also be an extremely stressful for students, who may be forced to seek professional financial help. A great model to follow on this would be the University of Western Ontario, which provides financial counselling to students – confidentially, students can get help with several topics, including their OSAP entitlement, applying for financial assistance, developing a personal budget, student financial planning, debt management advice, or emergency financial assistance.<sup>62</sup>

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<sup>61</sup> Office of the Registrar, “Financial Counselling,” University of Western Ontario, accessed March 22, 2019, [https://registrar.uwo.ca/student\\_finances/financial\\_counselling/index.html](https://registrar.uwo.ca/student_finances/financial_counselling/index.html).

<sup>62</sup> *ibid.*

## LOANS AND GRANTS

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### TARGETED FREE TUITION

**Principle:** High quality education should be accessible to all qualified Ontarians, regardless of socioeconomic status.

**Principle:** Public funding programs should be designed to promote accessibility by gearing support through means testing.

**Principle:** The provincial government has a general responsibility to equalize access for those from lower-income backgrounds.

**Concern:** The changes to the Ontario Student Assistance Program (OSAP) in January 2019 have reduced total support to low-income families.

**Concern:** The targeted free tuition program did not account for more expensive degree programs, such as professional undergraduate programs, leaving students in professional programs without targeted free tuition.

**Concern:** Regression toward the pre-2016 OSAP system would have negative effects on the needs-based nature of OSAP.

**Concern:** Currently, grant eligibility over the free tuition threshold decreases disproportionately to increases in family income.

**Recommendation:** The provincial government should restore the targeted free tuition program implemented in 2016, doing so for all students from families in the first six income deciles.

**Recommendation:** The provincial government should ensure that the targeted free tuition program reflects the actual program-specific cost of tuition incurred by each student.

**Recommendation:** When developing the new OSAP framework, the Ministry of Training, Colleges and Universities (MTCU) should use the actual cost of tuition, instead of the average cost, when calculating the amount of financial aid students will receive.

**Recommendation:** The provincial government should ensure that professional students who are eligible for targeted free tuition are not disadvantaged relative to non-professional students for the purposes of awarding grants.

**Recommendation:** The provincial government should ensure that tuition calculations use the assessed cost of each individual student's tuition.

In 2016, the provincial government released OSAP's targeted free tuition model, which greatly benefited students by increasing the needs-based nature of the program while decreasing the debt load it placed on students.

This change resulted in more OSAP applications from marginalized groups: 2017 saw a 36% increase in applications from Indigenous students and a 20% increase in applications from mature students.<sup>63</sup> Total applications increased from 313,000 in 2016 to 384,000 in 2017.<sup>64</sup>

A 2018 report by the Office of the Auditor General highlighted data collection issues with OSAP, though it mentioned some positive effects as well. It highlighted that the 2016 OSAP reforms led to lower loan default costs,<sup>65</sup> that the reforms reduced the total number of programs requiring administration,<sup>66</sup> that 76% of grants were being received by low-income students,<sup>67</sup> and that there were improvements to grant over-awards being given.<sup>68</sup> The report also criticized OSAP's increased expenditure, which was due to increased applications to the program.<sup>69</sup> However, while it also cited a lack of increase to overall university enrollment during the same time period,<sup>70</sup> it failed to recognize that enrollment increases often require capital investment and that the new grant/loan mix put in place by the improved OSAP model would have taken longer (than the timeframe they analyzed) to result in higher overall enrolment. The report ignored the fact that universities are strongly disincentivized from stark increases in enrollment due to the Ontario enrollment corridor.<sup>71</sup> Both the number of applicants and applications increased by 3.9% and 13% respectively from 2016 (the last year before targeted free tuition) to 2019 (when the first round of applications closed just as news about changes to OSAP started circulating); this information is expanded in Figure 1. The increases outstrip the rate of estimated Ontario population growth in the 18-20 age category. This demonstrates that changes to OSAP may have had significant positive effects on Ontario's post-secondary participation rate if kept in place long enough.

**Figure 1. OUAC University Application Numbers**<sup>72</sup>

Year	Unique Applicants	Rate change in applicants (2016=100.0)	Applications	Rate change in applications (2016=100.0)
2016	87,555	100.0	410,717	100.0
2017	88,473	101.0	419,888	102.2
2018	88,628	101.2	442,507	107.7
2019	90,948	103.9	464,233	113.0

<sup>63</sup> Mackenzie Claggett, "Financing Fees: The Inequitable Burden of University Costs," *OUSA* (blog), September 5, 2018, [https://www.ousa.ca/blog\\_mackenzie\\_capstone](https://www.ousa.ca/blog_mackenzie_capstone).

<sup>64</sup> Simona Chiose, "OSAP applications rise after Ontario streamlines student-aid system," *The Globe and Mail*, September 11, 2017, <https://www.theglobeandmail.com/news/national/education/osap-applications-rise-after-ontario-streamlines-student-aid-system/article36234322/>.

<sup>65</sup> Office of the Auditor General, *Annual Report 2018, Volume 1* (Toronto, ON: Queen's Printer for Ontario, 2018), chap. 3, section 3.10, accessed March 25, 2019, [http://www.auditor.on.ca/en/content/annualreports/arreports/en18/v1\\_310en18.pdf](http://www.auditor.on.ca/en/content/annualreports/arreports/en18/v1_310en18.pdf).

<sup>66</sup> *ibid* 459.

<sup>67</sup> *ibid* 459.

<sup>68</sup> *ibid* 473.

<sup>69</sup> *ibid* 467.

<sup>70</sup> *ibid* 456.

<sup>71</sup> "What is corridor funding, and how will it affect Ontario universities' budgets?," *Fiscot ERP Solutions*, access March 22, 2019, <https://fiscot.com/corridor-funding-impact-ontario-universities-budget/>.

<sup>72</sup>

Ontario Universities' Application Centre, "Undergraduate Application Statistics," Ontario Universities' Application Centre, accessed March 23, 2019, <https://www.ouac.on.ca/statistics/ugrad-app-stats/uapp-january/>.

**Figure 2. Ontario 18-20 Year Population Estimates (based on Ontario Ministry of Finance Projections, 2016)<sup>73</sup>**

Year	18-20 year old population estimates	Change in population (2017=100.0)	Applicants (2017=100.0)	Applications (2017=100.0)
2016	Not available	-	99.0	97.8
2017	555,190	100.0	100.0	100.0
2018	554,920	100.0	100.1	105.4
2019	548,605	98.8	102.8	110.6

In January 2019, the provincial government announced cuts to OSAP that reduced total grant-based support to all OSAP eligible families, including low-income families. OUSA believes that financial access is one of the primary barriers to post-secondary education for Ontario students, and that steps should be taken to pursue an equitable, pragmatic, and evidence-driven policy agenda concerning student financial aid.

With these changes, the net affordability of education for students will go down, with some students seeing an increase in affordability if they are in programs with tuition costs exceeding \$14,000, and most not seeing an increase unless their program has at least \$20,000 in tuition costs each year. According to Statistics Canada, in 2018-19, while there is a wide disparity in tuition costs between programs (\$6,800 for humanities to \$12,600 for engineering), there are no first-entry programs in Ontario that have an average tuition exceeding \$12,600 per year.<sup>74</sup>

Figure 3, below, shows how OSAP's recent grant reductions will affect an undergraduate student who: (1) is a dependent; (2) lives away from home; and (3) has no spouse or dependants of their own. The table assumes an average 2018-19 tuition of approximately \$10,000 (the figure used by the OSAP calculator). The 'Net Financial Loss (\$)' column factors in the 10% tuition decrease implemented in 2019-20, which brings the average tuition down to \$9,000. If the student in this example has a family income of \$0 (first row of the table), they will receive \$2000 less in grants in 2019-20 but pay \$1000 less in tuition fees. This means they end up losing \$1000; in other words, the tuition decrease offsets the grant reduction. Please note that this table does not include increases to loan amounts between 2018-19 and 2019-20.

**Figure 3. Effects of OSAP Cuts and Tuition Changes to OSAP Eligible Students<sup>75</sup>**

Family Income Level (\$'000s)	2018-19 Grants (\$)	2019-20 Grants (\$)	Loss in Grants (\$)	Net Financial Loss (\$)
0	9100	7100	2000	1000
30	9100	7100	2000	1000
50	9100	7100	2000	1000
70	7500	6100	1400	400
90	5200	2600	2600	1600
110	2800	300	2500	1500
130	2000	0	2000	1000
150	2000	0	2000	1000
170	2000	0	2000	1000

<sup>73</sup> "Ontario Population Projections Update, 2017-2041 Table 6: Ontario population by age, 2017-2041 — reference scenario," Ontario Ministry of Finance, accessed March 25, 2019, <https://www.fin.gov.on.ca/en/economy/demographics/projections/table6.html>.

<sup>74</sup> "Table 37-10-0003-01 Canadian undergraduate tuition fees by field of study," Statistics Canada, March 25, 2019, <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3710000301> [excluding dentistry, pharmacy, law and medicine].

<sup>75</sup> "OSAP Calculator," Government of Ontario, accessed March 25, 2019, [https://www.ontario.ca/page/osap-ontario-student-assistance-program?\\_ga=2.196391212.1050231859.1549500468-260786113.1549164883](https://www.ontario.ca/page/osap-ontario-student-assistance-program?_ga=2.196391212.1050231859.1549500468-260786113.1549164883).

The province should restore Ontario's targeted free tuition grant program for students from families in or below the sixth income decile, which was \$87,000 in 2016.<sup>76</sup> This encompasses the bottom 60% of family incomes in Ontario, and restoring this program would help provide post-secondary access to students who need it most – those for whom the expected contribution already encompasses 4% or more of pre-tax income in parental contributions<sup>77</sup>. The province should make additional adjustments to account for students who are considered independent, as well as for those who have dependents or are affected by additional factors currently considered by OSAP.

Because students enrol in programs with varying costs, the provincial government should also implement a system in which aid packages account for each student's tuition costs, as opposed to using the province's average tuition cost to determine each individual's aid package. This would account for the fact that students in second-entry and professional programs have higher-than-average tuition rates. Additionally, the government should ensure that decreases to grant eligibility are smooth (i.e. not drastic or sudden) and proportional to family income. Decreases to OSAP grant eligibility should continue to occur at a rate lower than increases in family income in order to avoid a perverse incentive of families wanting to earn less so that they qualify for more OSAP grants.

Additionally, OSAP should include grants that decrease proportionally as family income increase. While the amount of grants does decrease, the decrease for every \$20,000 in income is not sustainable (Figure 4).

**Figure 4. Grants and Grant Decreases for a Single-Away-From-Home Undergraduate<sup>78</sup>**

Income	Grants	Differences in Grant from Previous Level
\$0	7100	0
\$30000	7100	0
\$50000	7100	0
\$70000	6100	1000
\$90000	2600	3500
\$110000	300	2300
\$130000	0	300

Students in professional programs have traditionally received less financial assistance (proportionally) compared to those in arts and science programs. As of February 2019, the OSAP calculator does not consider a student's program when providing an estimate for the amount of financial aid that student will receive.<sup>79</sup> While the OSAP estimator may provide these details in time for Spring 2019, students in direct entry professional programs like business and engineering are currently unable to estimate how much support they will receive in the 2019-2020 year. As a result, some students do not know if they will receive enough assistance to cover the full cost of their tuition.

Under the 2017-2018 OSAP program, students in direct entry professional programs did not receive equitable funding compared to students in arts and science programs. According to that year's OSAP estimator, a dependent student with a parental income of \$80,000 living at home who chose to enroll in

<sup>76</sup> "Table 11-10-0192-01 Upper income limit, income share and average income by economic family type and income decile," Statistics Canada, March 25, 2019,

<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1110019201&pickMembers%5B0%5D=1.8>.

<sup>77</sup> Awards and Financial Aid, "Glossary: Expected Financial Contribution," Carleton University, accessed March 25, 2019, <https://carleton.ca/awards/cu-glossary/expected-financial-contribution/>.

<sup>78</sup> "OSAP Aid Estimator," Government of Ontario, accessed January 30, 2019,

<https://osap.gov.on.ca/AidEstimator1819Web/enterapp/enter.xhtml>.

<sup>79</sup> "OSAP Calculator," Government of Ontario, accessed March 25, 2019, [https://www.ontario.ca/page/osap-ontario-student-assistance-program?\\_ga=2.196391212.1050231859.1549500468-260786113.1549164883](https://www.ontario.ca/page/osap-ontario-student-assistance-program?_ga=2.196391212.1050231859.1549500468-260786113.1549164883).

an engineering program would have received \$1,600 in grants and \$7,200 in loans, totalling \$8,800.<sup>80</sup> This does not cover the \$13,830 the student must pay in tuition or OSAP's estimated total expenses of \$21,301.<sup>81</sup> If that same student enrolled in a science program, they would receive \$4,000 in grants and \$5,900 in loans, totalling \$9,900.<sup>82</sup> This would cover the student's tuition fees of \$6,714, but still not OSAP's estimated total cost of \$13,639.<sup>83</sup> A student in engineering thus receives fewer loans and has a larger gap between the amount of financial aid received and the total cost of their education.

Similarly, the 2017-2018 OSAP "free tuition" model did not provide enough grants to students in professional programs to cover their tuition costs. The grants were said to cover tuition costs to students with a family income of \$50,000 or less or an individual income of \$30,000; however, the grant covered only "average tuition for a regular college or undergraduate arts and science program."<sup>84</sup> As a result, students enrolled in professional programs have been placed in precarious financial positions. With financial aid from the provincial government not covering the cost of tuition or estimated total cost of attending university, professional students may be forced to take out private loans during the school year, where safety nets like grace periods and debt remission are not available. These students may also be forced to not pursue a professional degree to avoid significant debt.

To resolve these concerns, OUSA proposes that OSAP coordinate with each university registrar, bursar, or other appropriate department to maintain information about the amount of tuition assessed to each student's account. If a student qualifies for targeted free tuition, OSAP should disburse an amount equal to the student's tuition. If a student qualifies for additional grants above and beyond the amount of their tuition, those grants should be disbursed in addition to the targeted free tuition amount. With universities already communicating information about enrolled students' course-loads, OSAP could merge this information with university tuition schedules to calculate assessed tuition.

#### AVAILABILITY OF OSAP LOANS FOR STUDENTS WITH EXCEPTIONAL NEEDS

**Principle:** All willing and qualified students should be able to access an education in Ontario.

**Principle:** Debt can be used in limited circumstances to address concerns of income liquidity for students with greater financial means.

**Concern:** Some students may not have access to the financial means of their families or may have assets that they are unable to access at the time of their education.

**Concern:** Some students saw drastic decreases in the amount of available aid following the January 2019 announcement.

**Recommendation:** The provincial government should increase loan availability under OSAP to levels at least equal to the 2018-19 loan availability levels.

**Recommendation:** The provincial government should establish an opt-in program under OSAP to allow students greater access to government loans if families are demonstrably unwilling or unable to contribute to their student's education.

<sup>80</sup> "OSAP Aid Estimator," Government of Ontario, accessed January 30, 2019, <https://osap.gov.on.ca/AidEstimator1819Web/enterapp/enter.xhtml>.

<sup>81</sup> *ibid.*

<sup>82</sup> *ibid.*

<sup>83</sup> *ibid.*

<sup>84</sup> Ministry of Training, Colleges and Universities, "Ontario Student Assistance Program – Communications for ETD, SDAG and EO Networks," Government of Ontario, accessed October 20, 2018, <http://www.tcu.gov.on.ca/eng/eopg/publications/osap-promotion-april-24-en.pdf>.

**Recommendation:** The provincial government should ensure that the continuation of the Student Access Guarantee program in order to provide additional grants and loans to students who may not have the ability to pay for tuition due to circumstances that are unlikely or not considered by OSAP.

**Recommendation:** The provincial government should create and allocate funding for a loan program that would provide additional funding to students who may not have the ability to pay for tuition due to circumstances that are unlikely or not considered by OSAP.

OSAP does not consider the reality that some families may be able but unwilling to contribute to their child's post-secondary education. OUSA highlighted this issue in a 2011 Maclean's magazine article, and it has yet to be addressed.<sup>85</sup> While students from high-income families may in theory enjoy substantial financial contributions to their education from their family, OSAP does a poor job considering situations in which a parent may choose not to support their child's post-secondary education. This gap in student financial aid policy could be remedied by implementing a program that allows students to receive extra loan and/or grant funding, should their family be able but unwilling to help. This "opt in" program could be designed to have a "clawback" if students are found to hold joint accounts with parents, or if they receive funding from parents, in order to ensure that students are held accountable and are not taking advantage of the program.

Additionally, if students are unable to attend university due to financial restrictions not considered by OSAP, the provincial government should ensure the continuation of an application-based program to allow students to qualify for additional loans in extenuating circumstances. In Ontario, students can access the Student Access Guarantee grant to cover additional costs not covered by OSAP; it is important that such options remain open for students. In addition, the provincial government should consider exceptional circumstances that students may face that might prevent them from accessing the funds they need to pay for their education. OUSA recommends that the provincial government create a new program, not associated with the Student Access Guarantee, to help cover the cost of living and other expenses. This program would assist students who, through no fault of their own, cannot attend university because: (1) they have run into an unexpected issue with their OSAP eligibility; or (2) they have higher living costs than other students due to acute or chronic medical conditions that make it difficult to afford post-secondary education.

#### LOAN PAY-BACK

**Principle:** Repayment of student debt after graduation should not hinder students from actively contributing to society.

**Principle:** Student loans should not persist throughout a student's life if they make reasonable efforts to work and repay their debt obligations in a timely manner.

**Concern:** Repayment of high student debt loads can prevent students from achieving key post-graduation milestones such as purchasing a home or vehicle, or starting a family.

**Concern:** Increasing levels of government-administered student debt through OSAP can make it more difficult for students to repay their debt.

**Concern:** While the Ontario government expects students without a permanent debilitating disability to repay their debt within 15 years, students may require restructuring of their debt to make repayment possible.

**Recommendation:** The provincial government should continue to offer the OSAP Repayment Assistance Program.

<sup>85</sup> Josh Dehaas, "How parental income can kill your student loans," *Macleans*, October 20, 2011, <https://www.macleans.ca/education/uniandcollege/how-parental-income-can-kill-your-student-loans/>.

**Recommendation:** The provincial government should continue to use family income, including spousal student debt calculations, in determining the affordable payment amount under the Repayment Assistance Program.

**Recommendation:** The provincial government should continue to ensure that any debt reduction under the Repayment Assistance Program should only be disbursed according to the calculated affordable payment amount.

**Recommendation:** The provincial government should continue the Affordable Monthly Payment calculation and lower its rate to 10% of total household income.

**Recommendation:** The provincial government should continue to provide extra considerations for borrowers with permanent disabilities.

A post-secondary student's debt should never impact their ability to afford living expenses, nor should it prevent recent graduates from achieving milestones like getting married, buying a car, or buying a home. In Ontario, students have accumulated some of the highest levels of debt in the country, and for many students, it is incredibly challenging to make consistent loan repayments (including accrued interest). Compared to students without loans (non-borrowers), loan borrowers are less likely to have savings and investments or to become home owners.<sup>86</sup> While employment rates and personal income are similar among these groups, loan borrowers are still less likely to be secure financially, largely because of their student debt.<sup>87</sup>

Despite some of the highest tuition rates and student debt levels in Canada, OSAP default rates remain low in Ontario (these rates are a primary metric used by the provincial government to assess OSAP impact). In 2016, the overall default rate for Ontario was 7.5%. Breaking this down by institution type, borrowers who attended publicly assisted universities had a 3.3% default rate.<sup>88</sup> As such, for those students who need financial assistance, the provincial government should provide a range of supports that make repayment possible (including through debt restructuring and increased access to debt remission programs). It is important that the provincial government continue to commit to programs like the Repayment Assistant Program, maintain efforts to mediate mass debt accumulation, and address and support the additional needs of certain students, including those with disabilities. The government should also continue to use family income, factoring in spousal student debt, to determine Affordable Monthly Payment amounts; they should also give special consideration to borrowers with permanent disabilities.

The provincial government should limit the loan payback rate to 10% of household income; this limit accounts for the high degree of expenses typically incurred in the modern household.<sup>89</sup> The average Ontario household spends 23% of its gross income on housing, 6% on food, 17% in income tax, 14% on transportation, and 2% on healthcare. This 62% of income does not include spending on furnishings, telecommunications, or childcare. As a result, even for average-income families, putting more than 10% of gross income toward paying off student loans can make it harder to save money and achieve milestones like buying a home or starting a family.

<sup>86</sup> May Luong, "The Financial Impact of Student Loans," *Perspectives on Labour and Income* 22, no. 1 (2010), <https://www150.statcan.gc.ca/n1/pub/75-001-x/2010101/pdf/11073-eng.pdf>.

<sup>87</sup> *ibid.*

<sup>88</sup> "2016 OSAP Default Rates and Repayment Assistance Usage Rates," Government of Ontario, access March 22, 2019, <https://osap.gov.on.ca//OSAPPortal/en/PlanYourEducation/ChooseaCareerSchoolProgram/PRDR017703.html>.

<sup>89</sup> "Table 11-10-0222-01 Household Spending, Canada, Regions and Provinces," Statistics Canada, March 25, 2019, <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1110022201>.

## INTEREST

**Principle:** Student debt should not be used to generate profit and students should not pay more in interest than it costs the government to service student debt.

**Principle:** Student debt should be a policy tool to allow students without immediate financial resources available to them to access education.

**Principle:** Interest on student debt should accurately reflect the cost of servicing their debt during the repayment period.

**Concern:** Student debt constitutes a large amount of debt at a time where students may not have stable sources of income.

**Concern:** The current interest rate charged to students on student loan debt exceeds the cost of borrowing, meaning students are paying more in interest than it costs the government to lend it.

**Concern:** Instant accrual of interest does not reflect the reality that students may often take months or years post-graduation to secure steady, gainful employment.

**Recommendation:** The provincial government should set the rate of interest accrual on OSAP loans to the government's borrowing rate, the prime interest rate, or an average inflationary adjustment, whichever is lowest.

**Recommendation:** The provincial government should continue to calculate only simple interest on its portion of student loans.

**Recommendation:** The provincial government should implement a two-year grace period after graduation to ensure students are in the financial position to cover payments of interest.

**Recommendation:** The provincial government should work with the federal government to harmonize its practices with the recommendations listed above.

On January 17, 2019, the provincial government announced that students with OSAP loans will no longer have a six-month, interest-free grace period.<sup>90</sup> Students will now incur interest on the provincial portion of their loan during this six-month "payment free" period (the estimated time it takes to secure employment post-graduation). This structure already exists at the federal level: during the six-month grace period, interest is charged on the federal portion of the loan. As such, harmonizing the provincial and federal loan repayment structure will steadily increase the total debt load for students: for the 2019-2020 academic year, students will see a prime rate of 3.95% plus 1% automatically charged upon graduating, in addition to the interest that already exists on the federal portion of the loan.<sup>91</sup>

OUSA believes that the government should never use debt to generate revenue. This is why the provincial government should only charge interest at the prime rate, while ensuring that payments are applied first toward principle and, once principle is paid, toward interest. The provincial government should work with the federal government to harmonize practices and reduce complexities while also addressing the above concerns.

<sup>90</sup> Ministry of Training, Colleges and Universities, "Backgrounder: Affordability of Postsecondary Education in Ontario," *Government of Ontario Newsroom*, January 17, 2019, <https://news.ontario.ca/maesd/en/2019/01/affordability-of-postsecondary-education-in-ontario.html>.

<sup>91</sup> *ibid.*

In 2014, only 88% of Ontario university graduates had secured full time employment within 6 months of graduating, compared to 93% of graduates two years after graduating.<sup>92</sup> Other data suggests that the median time to employment in Canada was 16 weeks, or roughly four months, in 2014.<sup>93</sup> The number of unemployed graduates is especially concerning given that employment is often a prerequisite to finding housing, which is often central to young adults forming their budgets. This, in turn, allows them to engage in financial planning and make regular interest payments on their student debt. OSAP requires minimum contributions – an obligation that many new graduates struggle to fulfill; the Ontario government should consider this moving forward.

Following British Columbia’s interest-free model, Ontario can remove interest on the provincial portion of the Canada-Ontario Integrated Student Loan.<sup>94</sup> In addition, the provincial government should lobby the federal government to make the federal portion of the loan interest-free. However, to maintain incentive for loan payback, interest can and should be assessed to any student who is making regular means-determined contributions to their student loan through a calculation process similar to Ontario’s Repayment Assistance Program, which calculates Affordable Monthly Payments based on a formula of dependents, reasonable living standards, and other factors.<sup>95</sup> This rate ensures a healthy balance between respecting the difficult financial positions of graduates with student debt and the requirement that student debt must be repaid.

## NET-BILLING

**Principle:** Students’ financial situations arriving at their post-secondary institution of choice are diverse and require individual consideration.

**Concern:** Depending on time of payment, the Ontario Student Assistance Program (OSAP) net billing program may leave students without the financial ability to pay rent or adequately finance other living expenses at the beginning of their academic term.

**Recommendation:** The provincial government should permit students to choose how to receive their OSAP disbursement, either by traditional direct deposit or by net tuition billing.

As part of OSAP’s 2016 transformation, the Liberal government introduced net tuition billing, which was implemented for the 2018-19 school year.<sup>96</sup> Net tuition billing means that OSAP grant and loan funding is released directly to the university from the Ontario government, instead of deposited into students’ accounts with financial institutions. The intent of this policy is to make the “out-of-pocket” effects of OSAP more visible to students when they pay the difference of what is owing to their institution.<sup>97</sup> However, this payment system means that students may struggle to pay for rent and other upfront costs of education. Many students incur late fees if they do not have the funds to pay their full tuition costs up front,<sup>98</sup> suggesting that if they do not have access to OSAP funds for use at their discretion they may have trouble paying for other necessary living expenses. In order to give students more choice and give weight to their unique circumstances, OUSA recommends that the provincial government give students the ability to opt out of net tuition billing; this would help address the liquidity problem some students face.

<sup>92</sup> “University Employment Outcomes, Graduation and Student Loan Default Rates,” Ministry of Training, Colleges Universities, accessed March 25, 2019, <http://www.iaccess.gov.on.ca/OsapRatesWeb/enterapp/home.xhtml>.

<sup>93</sup> Workopolis, “How Long Does it Take Canadians to Get a New Job?,” *Workopolis*, November 13, 2014, <https://careers.workopolis.com/advice/how-long-does-it-take-canadians-to-get-a-new-job/>.

<sup>94</sup> Gordon McIntyre, “B.C. Budget 2019: Interest on provincial portion of student loans eliminated,” *Vancouver Sun*, February 19, 2019, <https://vancouversun.com/news/local-news/b-c-budget-2019-interest-on-provincial-portion-of-student-loans-eliminated>.

<sup>95</sup> “Repayment Assistance Plan,” Government of Ontario, accessed March 25, 2019, <https://osap.gov.on.ca/OSAPPortal/en/A-ZListofAid/PRDR017893.html>.

<sup>96</sup> Government of Ontario, *FAQs About the Ontario Student Assistance Program (OSAP) for Adult Students* (Toronto, ON: Queen’s Printer for Ontario, 2017), accessed March 25, 2019, <http://www.tcu.gov.on.ca/eng/eopg/publications/osap-faq-adult-en.pdf>.

<sup>97</sup> *ibid.*

<sup>98</sup> Carys Mills, “Late tuition fees proving costly to area university students,” *Ottawa Citizen*, May 20, 2014, <https://ottawacitizen.com/news/local-news/late-tuition-fees-proving-costly-to-area-university-students>.

## TUITION SET-ASIDE

**Principle:** Increases in tuition should not restrict students from accessing post-secondary education.

**Concern:** Increases to tuition have led to a steady increase of educational costs above the rate of inflation.

**Concern:** Cuts to OSAP may mean that some students may no longer be able to fully cover reasonable living costs during their education.

**Concern:** The annual Student Access Guarantee guidelines are not readily accessible.

**Concern:** The Ministry of Training, Colleges and Universities does not require reports on tuition set-aside expenditures from institutions.

**Recommendation:** The provincial government should continue to enforce the tuition set-aside program at its current 10% rate.

**Recommendation:** The provincial government should mandate in its Student Access Guarantee guidelines that any excess funds from the tuition set-aside program at each university should be directed to roll over to the following year.

**Recommendation:** The provincial government should make the Student Access Guarantee guidelines easily accessible from the ministry website.

**Recommendation:** The provincial government should mandate and make public reports on spending of tuition fee set-aside reports.

According to the *Tuition Fee Framework Guidelines for Publicly-Assisted Universities 2013-14 to 2016-17*, which was extended to 2018-19, Ontario's tuition set-aside program is designed to help mitigate the effects of rising tuition costs on low-income students.<sup>99</sup> Effectively, the program instructs institutions to direct 10% of the cumulative revenue of tuition increases into bursaries, scholarships, or student employment, thereby helping students fulfill their financial needs and gain access to post-secondary education. The tuition guidelines make reference to the annual Student Access Guarantee guidelines published by the Ministry of Training, Colleges and Universities (MTCU). However, because set-aside guidelines are not available, students cannot access specific details about how set-aside funds are used, including restrictions on the provision of scholarships and how unspent funds are used.

Without publicly available details, it is unclear whether a university can transfer annual unspent funds from the tuition set-aside into general expenditures the following fiscal year. (Ontario colleges, on the other hand, clarify this in the college tuition and ancillary fees reporting operating procedure.)<sup>100</sup> As such, the MTCU's guidelines should clarify that funds from the tuition set-aside must remain allocated to student access; they currently do not provide this information in a transparent and accessible manner. If a lack of immediate student financial needs results in allocated funds being consistently underspent, these resources could be directed into a special endowment to provide funds for increased student access in the long term.

<sup>99</sup>Ministry of Training, Colleges and Universities, *Tuition Fee Framework Guidelines for Publicly-Assisted Universities: 2013-2014 to 2016-2017* (Government of Ontario, April 2013), 10, accessed March 25, 2019, [http://www.planningandbudget.utoronto.ca/Assets/Academic+Operations+Digital+Assets/Planning+!\\$!26+Budget/2013-14+Guidelines+for+Tuition+Fee+Framework+Implementation.pdf](http://www.planningandbudget.utoronto.ca/Assets/Academic+Operations+Digital+Assets/Planning+!$!26+Budget/2013-14+Guidelines+for+Tuition+Fee+Framework+Implementation.pdf).

<sup>100</sup> Ministry of Training, Colleges and Universities, *Colleges of Applied Arts and Technology Policy Framework: Tuition and Ancillary Fees* (Government of Ontario, December 2013), 5, access March 25, 2019, <http://www.tcu.gov.on.ca/pepg/documents/TuitionandAncillaryFees.pdf>.

The tuition framework for colleges, for example, requires that each institution submit an annual report on expenditures related to the tuition set-aside.<sup>101</sup> The university tuition framework, however, only requires a sign-off from the institution head to confirm that they are complying with the guidelines. The provincial government, to ensure efficient use and accountable disbursement of set-aside funds, should require that universities complete reports similar to those required from colleges. These reports should be publicly hosted to demonstrate, to students and the public, how set-aside funds are assisting university access for students in Ontario.

## INTERNATIONAL TUITION SET-ASIDE

**Principle:** International students now comprise a significant portion of undergraduate students in Ontario and deserve attention and consideration by the provincial government.

**Principle:** Access to post-secondary education should be predicated on academic willingness and ability to participate, not by socio-economic status.

**Concern:** The tuition set-aside is directed at domestic students and funds are typically only available to OSAP-eligible students.

**Concern:** Rapidly expanding international student tuition rates in Ontario will leave qualified but less well-off international students without financial access to Ontario's university system.

**Recommendation:** The provincial government should establish, in its tuition protocol, an international tuition set-aside at the same 10% rate of the domestic set-aside, with funds raised directed specifically to needs-based financial aid for international students.

International students play an expanding role in Ontario's university system. The Ministry of Training, Colleges and Universities (MTCU) estimates that international students will soon make up 20% of total post-secondary enrollments in Ontario,<sup>102</sup> building on an already prodigious 88% enrollment growth between 2010 and 2016.<sup>103</sup> Additionally, with no regulation for international tuition fees in the Ontario tuition framework under previous Liberal governments or the current Progressive Conservative government, international tuition rates are a likely candidate for increased contributions to university budgets.<sup>104</sup> With more international students, and international students increasingly funding a greater percentage of university budgets, it is important to recognize that international students take on a dual burden: they do not have access to grants or debt through OSAP,<sup>105</sup> and they pay international student tuition rates, unsubsidized by provincial operating grants.<sup>106</sup> This makes education expensive for Ontario's international students, and financial cost is often recognized as creating barriers to those with lower socioeconomic status, especially in the absence of financial aid keeping pace with rising tuition.<sup>107</sup>

The provincial government should consider how it can increase post-secondary access for qualified international students who may not be able to afford Ontario's increasing international tuition rates. If

<sup>101</sup> Ministry of Training, Colleges and Universities, *Colleges of Applied Arts and Technology Policy Framework: Tuition and Ancillary Fees* (Government of Ontario, December 2013), 16, accessed March 25, 2019, <http://www.tcu.gov.on.ca/pepg/documents/TuitionandAncillaryFees.pdf>.

<sup>102</sup> Ministry of Advanced Education and Skills Development, *Educating Global Citizens: Realizing the Benefits of International Postsecondary Education* (Toronto, ON: Queen's Printer of Ontario, 2018), 7.

<sup>103</sup> Mike Crawley, "Universities growing more reliant on foreign student fees," *CBC News*, July 12, 2017, <https://www.cbc.ca/news/canada/toronto/international-students-universities-ontario-tuition-1.4199489>.

<sup>104</sup> *ibid.*

<sup>105</sup> "Learn about OSAP," Government of Ontario, accessed March 22, 2019, <https://www.ontario.ca/page/learn-about-osap>.

<sup>106</sup> Diarra Sourang & Peter Harrison, *FAO Commentary* (Toronto, ON: Financial Accountability Office of Ontario, 2016), [https://www.fao-on.org/en/Blog/Publications/Post\\_Secondary](https://www.fao-on.org/en/Blog/Publications/Post_Secondary).

<sup>107</sup> Robert E. Mueller, *Access and Persistence of Students from Low-Income Backgrounds in Canadian Post-Secondary Education: A Review of the Literature* (A MESA Project Research Paper, Toronto, ON: Educational Policy Institute, 2008), accessed March 25, 2019, [http://higherstrategy.com/esa/pdf/MESA\\_Mueller.pdf](http://higherstrategy.com/esa/pdf/MESA_Mueller.pdf).

these rates continue to increase, the government should establish a separate international tuition set-aside; this should set aside 10% of increases in international tuition and put it exclusively toward financial aid for international students with financial need. The provincial and federal governments should work together to gather information about international student financial need, and to determine what forms of financial aid will help achieve the policy goals listed here.

## DEBT

**Principle:** Debt should be manageable for undergraduate students.

**Concern:** When the 2016 changes to OSAP were announced, the Ontario Student Opportunities Grant (OSOG) was eliminated, removing the cap on student debt in Ontario.

**Concern:** Rising fees and changes that increase loan amounts for students under OSAP mean that student debt could drastically increase.

**Recommendation:** The provincial government should reinstitute a version of OSOG, establishing a reasonable upper bound on student debt for first-entry programs, with an additional cap added for any second-entry programs.

As part of the introduction of the Ontario Student Grant and the 2016 expansion to OSAP, the provincial government eliminated the Ontario student debt cap (i.e. the Ontario Student Opportunity Grant).<sup>108</sup> While this policy led to implementing more means-tested financial aid in Ontario, it left students without a hard cap on their student debt. This is especially important considering that some students take longer than the standard four years to achieve their degree, taking on more debt along the way. Some need a part-time job to pay for their education, leaving them without enough time for a full course load; others take fewer courses as a proactive step to prevent mental illness; still others fail courses and need to retake a single course or even a full semester, delaying their graduation date. With increases to the loan portion of OSAP, and the 2019 cuts to OSAP, students could face increasing debt loads, which may delay when they can achieve important milestones such as buying a home or starting a family.

With the affordability from the 2016 OSAP model now erased, the provincial government should reinstitute a debt cap on tuition. The cap should be set at a rate between the debt expected for timely completion of the student's academic program and the total cumulable debt through 340 weeks of funding. This funding limit is supposed to reflect the time taken to obtain an undergraduate degree, and it remains relatively static. It can and should be considered separately from a limit on total debt, which is likely to substantially rise over time. The government should add a second, higher-level debt cap for second-entry programs to reflect the fact that second-entry programs, though they offer additional private benefit compared to first-entry programs, pose a high-risk for students incurring unmanageable debt.

## PREDICTABILITY

**Principle:** Students should be provided with accurate and easily digestible information so that they can make informed financial decisions about their futures.

**Concern:** The OSAP calculator and Aid Estimator are often the only tools students have to predict OSAP award amounts with.

**Concern:** Information about OSAP calculations is not transparent.

<sup>108</sup> Will Campbell, "5 Things to Know about Ontario's New Free Post-secondary Tuition," *Global News*, September 14, 2016, <https://globalnews.ca/news/2543719/5-things-to-know-about-ontarios-new-free-post-secondary-tuition/>.

**Concern:** Year to year changes in OSAP can leave students with award amounts that are different than what they budgeted for.

**Concern:** Unpredictable loan and grant amounts can mean that students may not be able to pay for all expenses, such as food or textbooks.

**Concern:** With the year-to-year changes in OSAP, students who may have been confident in their financial ability to complete their education may now be forced to withdraw from study.

**Recommendation:** The provincial government should develop a testing program for OSAP which simulates student inputs to ensure accuracy of the OSAP calculator and OSAP Aid Estimator.

**Recommendation:** The provincial government should develop, publicly post, and promote a form to collect complaints and comments about disparities between expected and actual OSAP disbursements.

**Recommendation:** The provincial government should make public the formula used to calculate need and available resources to help independent policy experts assess the OSAP system.

**Recommendation:** The provincial government should guarantee that students receive at minimum the same amount of grants and the same amount of total financial aid throughout the course of a degree if their financial circumstances remain the same from year to year.

Currently, there are no publicly known quality assurance mechanisms for ensuring that disbursed OSAP amounts accurately reflect OSAP Aid Estimator predictions. Tools like this one allow students to make informed budget decisions, and so resources should be placed into ensuring that they are as accurate as possible. After each new implementation of an OSAP estimator and calculator, the provincial government should test the results of a randomized set of parameters in the estimator and calculator tools against the actual awarding process; this will help the government determine whether the estimated and actual awarding process yield the same result. Additionally, they could use a mystery shopper program, composed of a selection of current OSAP students, to provide similar information. The government could also provide an opportunity for feedback on the disparity between predicted and actual amounts in order to identify points of concern about understanding how to use OSAP resources. While some governments use secret shopper programs to test service quality,<sup>109</sup> or to expose process failures,<sup>110</sup> a mystery shopping program for OSAP would involve enrolling a number of students who plan to attend university or college and having them use the OSAP calculator. They would then submit: (1) their input into the OSAP estimator and resulting funding estimation to the mystery shopping program; and (2) the data entered on their OSAP application and the actual amount awarded to them by OSAP. The government could use this data to see if there are common changes between figures entered on the estimator and on applications, whether students and families frequently misunderstand which data they enter, and, upon auditing some of these mystery shoppers, whether there are systemic areas in which applicants try to take advantage of the OSAP system.

The provincial government should also publicize the formula it uses to calculate OSAP loans and grants. Understanding how the system operates is essential to providing accurate and constructive feedback.

<sup>109</sup> Steve Rennie, "Service Canada Review: Secret Shoppers to Rate Government Services at Outlets Across the Country," *Huffington Post*, accessed September 29, 2011, [https://www.huffingtonpost.ca/2011/07/30/service-canada-secret-shoppers\\_n\\_913890.html](https://www.huffingtonpost.ca/2011/07/30/service-canada-secret-shoppers_n_913890.html).

<sup>110</sup> Cabinet Office, *Scope and Remit of the Public Procurement Review Service* (Government of the United Kingdom, 2018), accessed March 25, 2019, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/759967/Public\\_Procurement\\_Review\\_Service\\_scope\\_and\\_remit\\_2018.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/759967/Public_Procurement_Review_Service_scope_and_remit_2018.pdf).

## POLICY STATEMENT

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### STUDENT FINANCIAL AID

**Whereas:** The Ontario Student Assistance Program (OSAP) should provide students in similar economic situations with an equitable amount of assistance regardless of their choice in program;

**Whereas:** Students pursuing professional degree programs who are deemed to be in the most financial need by the OSAP formula should receive enough financial assistance to cover their cost of tuition, similar to those in arts and science programs;

**Whereas:** Students should not be deterred from pursuing second-entry professional programs due to a fear of unmanageable debt;

**Whereas:** A student's decision to study part-time should not be influenced by their financial ability to attend university;

**Whereas:** Part-time students should receive an equitable and proportional amount of financial aid comparable to students studying full-time;

**Whereas:** Financial aid for part-time students should be evaluated based off of the actual cost of tuition;

**Whereas:** Public financial aid should be prioritized for students attending public Canadian institutions;

**Whereas:** Public tax dollars are not put toward private K-12 institutions and thus should not go toward private post-secondary institutions;

**Whereas:** Refugees and permanent residents should be afforded the same access to education as Canadian citizens;

**Whereas:** The OSAP appeals process should support students who are experiencing exceptional circumstances;

**Whereas:** All students applying for funding through OSAP should be aware that there is an appeals process;

**Whereas:** Students in co-op programs should receive equitable financial aid in relation to students in non-co-op programs;

**Whereas:** Income and other cash-equivalent benefits derived from co-op work terms should not be considered a form of financial aid, tuition reduction, or similar by the government and universities;

**Whereas:** Saving money for post-secondary education should not be a major financial strain for any individual and/or family;

**Whereas:** All students should have access to a Registered Education Savings Plan (RESP);

**Whereas:** Families should not be unreasonably burdened by the cost of post-secondary education;

**Whereas:** The assessment of individual, spousal, and familial contributions should take into consideration the context of an individual's situation;

**Whereas:** Students should be able to easily apply for, monitor the status of, and repay financial aid online;

**Whereas:** Students should be well informed on the financial resources available to them while applying to university;

**Whereas:** All financial aid–related information should be easily accessible and digestible;

**Whereas:** Comprehensive data on OSAP should be collected to inform decisions related to the program;

**Whereas:** Data should be stored securely and updated regularly so as to provide the most accurate information to policy and decision makers;

**Whereas:** Any data collection activity should include clearly outlining and communicating the method, purpose, and risks associated;

**Whereas:** Students should have clear and complete information about how data will be used and stored, and about how information will be reported, particularly those from marginalized communities who have previously been targeted for data collection;

**Whereas:** High school students should have access to adequate information about Ontario’s student financial aid system before deciding whether they want to pursue post-secondary education;

**Whereas:** Students must be able to easily understand and navigate the financial aid system in post-secondary education;

**Whereas:** Students must have easy access to information about the financial aid system so that they are aware of and able to receive the financial assistance to which they may be entitled;

**Whereas:** Prior to making important financial decisions such as pursuing a post-secondary education, students should have an understanding of basic financial literacy;

**Whereas:** High quality education should be accessible to all qualified Ontarians, regardless of socioeconomic status;

**Whereas:** Public funding programs should be designed to promote accessibility by gearing support through means testing;

**Whereas:** The provincial government has a general responsibility to equalize access for those from lower-income backgrounds;

**Whereas:** All willing and qualified students should be able to access an education in Ontario;

**Whereas:** Debt can be used in limited circumstances to address concerns of income liquidity for students with greater financial means;

**Whereas:** Repayment of student debt after graduation should not hinder students from actively contributing to society;

**Whereas:** Student loans should not persist throughout a student’s life if they make reasonable efforts to work and repay their debt obligations in a timely manner;

**Whereas:** Student debt should not be used to generate profit and students should not pay more in interest than it costs the government to service student debt;

**Whereas:** Student debt should be a policy tool to allow students without immediate financial resources available to them to access education;

**Whereas:** Interest on student debt should accurately reflect the cost of servicing their debt during the repayment period;

**Whereas:** Students' financial situations arriving at their post-secondary institution of choice are diverse and require individual consideration;

**Whereas:** Increases in tuition should not restrict students from accessing post-secondary education;

**Whereas:** International students now comprise a significant portion of undergraduate students in Ontario and deserve attention and consideration by the provincial government;

**Whereas:** Access to post-secondary education should be predicated on academic willingness and ability to participate, not by socio-economic status;

**Whereas:** Debt should be manageable for undergraduate students; and

**Whereas:** Students should be provided with accurate and easily digestible information so that they can make informed financial decisions about their futures;

**Be it resolved that:** The provincial government should reverse the change that stipulates students in second-entry degree programs receive a minimum 50% loan as part of their financial aid package;

**Be it further resolved that:** In the development of the 2019 OSAP formula, professional students in similar economic situations to those in arts and science programs should not be expected to contribute more to their degree;

**BIFRT:** The Ministry of Training, Colleges and Universities (MTCU) should modify the OSAP formula to consider accreditation fees usually incurred in students' undergraduate studies;

**BIFRT:** The provincial government should modify the OSAP program to mirror the 2019 federal government's financial aid program in order to provide enough financial aid for part-time students;

**BIFRT:** The provincial government should use the assessed cost of tuition based on the number of credits students are taking when determining how much financial aid part-time students should receive;

**BIFRT:** The provincial government should modify the OSAP program to provide part-time students enrolled in degree programs with financial aid that factors in the costs of tuition, travel, and living;

**BIFRT:** The provincial government should remove the OSAP eligibility of students attending private universities and non-Canadian universities;

**BIFRT:** The provincial government should ensure that refugees or permanent residents in Canada are always treated the same as Canadian citizens in terms of OSAP eligibility;

**BIFRT:** The Ministry of Training, Colleges and Universities (MTCU) should better promote the current OSAP appeals processes, including on the OSAP website and when communicating to students about their OSAP estimates;

**BIFRT:** The Ministry of Training, Colleges and Universities (MTCU) should modify the OSAP appeals process to allow students who are not receiving financial aid from their parents/families to be eligible for more grants and loans, due to families being estranged or otherwise;

**BIFRT:** The provincial government should ensure that the OSAP funding formula accounts for the cost of co-op program fees and provides adequate financial aid for co-op students;

**BIFRT:** The provincial government should work with university registrar offices to automatically confirm when students are enrolled in co-op work terms so they do not have to manually submit an interest-free status form;

**BIFRT:** The provincial government should prohibit offsetting financial aid grants from work-term derived income and other cash-equivalent benefits for students on co-op work terms;

**BIFRT:** The provincial government should lobby the federal government to increase the Canada Learning Bond (CLB) grant;

**BIFRT:** The provincial government should lobby the federal government to provide a higher rate of additional Canada Education Savings Grant (CESG) funding for low-income families;

**BIFRT:** The provincial government should lobby the federal government to change RESP contribution tax rules to make personal contributions tax deductible;

**BIFRT:** The provincial government should lobby the federal government to change RESP contribution tax rules to make Education Assistance Payments tax-free upon withdrawal;

**BIFRT:** Low-income families who create an RESP late should be eligible to retroactively claim all provincial and federal RESP grants, especially those that do not require personal contributions;

**BIFRT:** In the interim, the provincial government should develop a promotional plan to ensure all families, particularly those with low-income status, are aware of RESPs and associated grants;

**BIFRT:** The Ministry of Training, Colleges and Universities (MTCU) should create a provincial grant similar to British Columbia's Training and Education Savings Grant to allow families to initiate an RESP;

**BIFRT:** The Ministry of Training, Colleges and Universities (MTCU) should create a provincial grant similar to the Canada Learning Bond (CLB) to help low-income families;

**BIFRT:** The provincial government should lower the expected parental and spousal contributions to at minimum match those expected by the federal Student Loans and Grants program;

**BIFRT:** The provincial government should, similar to most other Canadian provinces, define financially independent students as those who have been out of secondary school for four years;

**BIFRT:** The provincial government should redevelop the calculation of expected parental, spousal, and individual contributions to factor in current household debt;

**BIFRT:** The provincial government should increase grants to students whose families have a low disposable income, to account for greater savings and less accumulation of debt;

**BIFRT:** The Ministry of Training, Colleges and Universities (MTCU) should provide information about the National Student Loans Service Centre (NSCSC) on the OSAP website;

**BIFRT:** The Ministry of Training, Colleges and Universities (MTCU) should redesign the OSAP website to centralize all the information on one webpage, with drop down menus for further topic descriptions;

**BIFRT:** The Ministry of Training, Colleges and Universities (MTCU) should lobby the federal government to redesign the NSLSC website to be more user friendly, using elements of user experience design;

**BIFRT:** The Ministry of Training, Colleges and Universities (MTCU), in collaboration with the Council of Ontario Universities (COU), should develop a feature that allows students to easily access applications for institutional and private grants and bursaries through the OSAP website;

**BIFRT:** The Ministry of Training, Colleges and Universities (MTCU), in collaboration with the Council of Ontario Universities (COU), should develop a matching system that prompts students to apply to institutional and private grants and bursaries based on their eligibility as determined from the information on their OSAP application;

**BIFRT:** The Ministry of Training, Colleges and Universities (MTCU) should develop a feature on the OSAP website that automatically prompts new users to sync their OUAC account;

**BIFRT:** The Council of Ontario Universities (COU) should develop a feature on the Ontario Universities' Application Centre (OUAC) website that prompts students to apply for financial aid upon acceptance to an undergraduate program;

**BIFRT:** In order to determine the success of the OSAP program, the Higher Education Quality Council of Ontario (HEQCO) should collect data on all OSAP recipients during and after their post-secondary education;

**BIFRT:** The Ministry of Training, Colleges and Universities (MTCU) should develop, launch, and incentivize students to participate in a voluntary demographic survey when they apply for OSAP in order to determine if there has been an enrollment of students from under-represented groups;

**BIFRT:** The Ministry of Training, Colleges and Universities (MTCU) and Higher Education Quality Council of Ontario (HEQCO) should be transparent to students and the public about their usage of the demographic and survey information by posting how the data will be used both on the survey and on their website;

**BIFRT:** The provincial government should work with the Ontario School Counsellors' Association (OSGA) to develop best practises for training and information to high school guidance counsellors about student financial aid so they are equipped to provide students with this information;

**BIFRT:** The Ministry of Education should incorporate information about student financial aid as part of the curriculum of the grade ten high school careers course;

**BIFRT:** The provincial government must provide university student financial aid offices with baseline requirements for what information they must provide to students on their website about financial aid in an accessible and digestible manner;

**BIFRT:** The provincial government should work with institutions on developing a strategic plan to advertise and disseminate information about student financial aid in high traffic locations on university campuses;

**BIFRT:** The provincial government should mandate that university marketing and undergraduate recruitment offices include information on student financial aid and OSAP in offer of admission packages to students;

**BIFRT:** The provincial government should run a promotional campaign on OSAP;

**BIFRT:** The Ministry of Training, Colleges and Universities (MTCU) should develop materials to be distributed to university financial aid offices that explain basic and easily digestible information for students pertaining to financial literacy including, but not limited to, loan interest rates, budgeting, debt, debt aversion, and taxes;

**BIFRT:** The provincial government should provide funding to institutions to hire and retain specialized counsellors in financial counselling;

**BIFRT:** The provincial government should provide funding to universities to provide workshops on important financial literacy topics, specifically targeted for first-year students who are living on their own for the first time;

**BIFRT:** Such workshops should be integrated with tax filing workshops so that students can be made more aware of both provincial and federal tax credits, exemptions, and rebates to which they may be entitled;

**BIFRT:** The provincial government should incentivize universities to have financial literacy workshops for new students;

**BIFRT:** The provincial government should restore the targeted free tuition program implemented in 2016, doing so for all students from families in the first six income deciles;

**BIFRT:** The provincial government should ensure that the targeted free tuition program reflects the actual program-specific cost of tuition incurred by each student;

**BIFRT:** When developing the new OSAP framework, the Ministry of Training, Colleges and Universities (MTCU) should use the actual cost of tuition, instead of the average cost, when calculating the amount of financial aid students will receive;

**BIFRT:** The provincial government should ensure that professional students who are eligible for targeted free tuition are not disadvantaged relative to non-professional students for the purposes of awarding grants;

**BIFRT:** The provincial government should ensure that tuition calculations use the assessed cost of each individual student's tuition;

**BIFRT:** The provincial government should increase loan availability under OSAP to levels at least equal to the 2018-19 loan availability levels;

**BIFRT:** The provincial government should establish an opt-in program under OSAP to allow students greater access to government loans if families are demonstrably unwilling or unable to contribute to their student's education;

**BIFRT:** The provincial government should ensure that the continuation of the Student Access Guarantee program in order to provide additional grants and loans to students who may not have the ability to pay for tuition due to circumstances that are unlikely or not considered by OSAP;

**BIFRT:** The provincial government should create and allocate funding for a loan program that would provide additional funding to students who may not have the ability to pay for tuition due to circumstances that are unlikely or not considered by OSAP;

**BIFRT:** The provincial government should continue to offer the OSAP Repayment Assistance Program (RAP);

**BIFRT:** The provincial government should continue to use family income, including spousal student debt calculations, in determining the affordable payment amount under the Repayment Assistance Program (RAP);

**BIFRT:** The provincial government should continue to ensure that any debt reduction under the Repayment Assistance Program (RAP) should only be disbursed according to the calculated affordable payment amount;

**BIFRT:** The provincial government should continue the Affordable Monthly Payment calculation, and lower its rate to 10% of total household income;

**BIFRT:** The provincial government should continue to provide extra considerations for borrowers with permanent disabilities;

**BIFRT:** The provincial government should set the rate of interest accrual on OSAP loans to the government's borrowing rate, the prime interest rate, or an average inflationary adjustment, whichever is lowest;

**BIFRT:** The provincial government should continue to calculate only simple interest on its portion of student loans;

**BIFRT:** The provincial government should implement a two-year grace period after graduation to ensure students are in the financial position to cover payments of interest;

**BIFRT:** The provincial government should work with the federal government to harmonize its practices with the recommendations listed above;

**BIFRT:** The provincial government should permit students to choose how to receive their OSAP disbursement, either by traditional direct deposit or by net tuition billing;

**BIFRT:** The provincial government should continue to enforce the tuition set-aside program at its current 10% rate;

**BIFRT:** The provincial government should mandate in its Student Access Guarantee (SAG) guidelines that any excess funds from the tuition set-aside program at each university should be directed to roll over to the following year;

**BIFRT:** The provincial government should make the Student Access Guarantee (SAG) guidelines easily accessible from the ministry website;

**BIFRT:** The provincial government should mandate and make public reports on spending of tuition fee set-aside reports;

**BIFRT:** The provincial government should establish, in its tuition protocol, an international tuition set-aside at the same 10% rate of the domestic set-aside, with funds raised directed specifically to needs-based financial aid for international students;

**BIFRT:** The provincial government should reinstitute a version of the Ontario Student Opportunities Grant (OSOG), establishing a reasonable upper bound on student debt for first-entry programs, with an additional cap added for any second-entry programs;

**BIFRT:** The provincial government should develop a testing program for OSAP which simulates student inputs to ensure accuracy of the OSAP calculator and OSAP Aid Estimator;

**BIFRT:** The provincial government should develop, publicly post, and promote a form to collect complaints and comments about disparities between expected and actual OSAP disbursements;

**BIFRT:** The provincial government should make public the formula used to calculate need and available resources to help independent policy experts assess the OSAP system; and

**BIFRT:** The provincial government should guarantee that students receive at minimum the same amount of grants and the same amount of total financial aid throughout the course of a degree if their financial circumstances remain the same from year to year.