

All willing and qualified students in Ontario, regardless of socioeconomic status, should have access to high-quality post-secondary education. The Ontario Student Assistance Program (OSAP) helps students pay for school by supplementing earnings from part-time and summer jobs and, historically, it has played a key role in increasing access to education for low-income students. However, recent changes to OSAP have hurt students' ability to afford and access post-secondary education in Ontario.

SUMMARY

Thousands of students have expressed to the government that **the recent OSAP changes have made it more difficult for students to afford post-secondary education in Ontario, which ultimately limits their entry into Ontario's workforce.** We sent more than 1,000 letters on behalf of students, many of which shared personal stories — some of students being forced to work two or more jobs, often more than forty hours per week, while studying; others of students who could no longer afford to attend school at all.

Students are most concerned about the revised definition of “mature” or “financially independent” student; the elimination of the interest-free grace period on the provincial portion of loans; and the reduction in grants. While university tuition has been decreased by an average of \$660,¹ students have told us that they have lost significantly more than this in grants, meaning there is less money in students' pockets.

The provincial government should restore the “targeted free tuition” program implemented in 2016 and provide free tuition, in the form of grants, to all students from families in the first six income deciles.

It is in the province's best interest to ensure students are able to access post-secondary education. Providing low-income students with free tuition in the form of grants ensures that all students, regardless of socioeconomic status, are able to gain the skills necessary to enter Ontario's workforce as highly skilled labourers and contribute to the province's economic growth.

The provincial government should implement a two-year, interest-free grace period after graduation to ensure students are able to cover loan and interest payments.

A two-year, interest-free grace period would give students the ability to find employment and save money for home ownership and other important milestones, without worrying about paying off compound interest right away. Allowing students to build a solid financial foundation means they can contribute to Ontario's economy sooner rather than later.

A six-month grace period with interest being accrued puts a significant financial burden on recent graduates. If they are unable to begin paying off their loan within the first six months after graduation, their total debt will increase significantly due to interest compounding, making it more difficult for them to pay off their loan in the long run.

The provincial government should define “mature” or “financially independent” students as those who have been out of secondary school for four years, not six.

Many students more than four years removed from secondary school no longer receive financial assistance from their families, whether or not the provincial government considers them financially dependent. The revised definition (six years) means that a student's OSAP eligibility is determined as though they are receiving support from their parents or guardians, even when this is not the case. As a result, students may need to wait to complete their current post-secondary studies or to pursue further studies, and they may be forced to take on private, high-interest loans to pay for their education.

¹ “Ontario Plans to Slash Tuition Fees by 10% | CBC News.” CBCnews. CBC/Radio Canada, January 15, 2019. <https://www.cbc.ca/news/canada/toronto/ontario-plans-to-slash-tuition-fees-by-10-1.4979524>.

ADDITIONAL INFORMATION

“Targeted Free Tuition” Grants

Targeted Free Tuition, introduced in the 2016 OSAP changes, resulted in increased applications to the program, particularly from marginalized students. In 2017, there were 36% more applications from Indigenous students and 20% more applications from mature students.² In total, applications increased from 313,000 in 2016 to 384,000 in 2017.³ While the Auditor General’s report cited that these changes did not largely increase enrollment in post-secondary institutions, the report failed to recognize that enrollment increases often require capital investment, and that the 2016 OSAP model would have needed to stay in place longer to result in an increase in Ontario’s post-secondary enrolment.

The 2016 OSAP changes had other positive impacts as well, including lower loan default rates, fewer programs requiring administration (and, so, lower government costs), the majority of grants (76%) being received by low-income students, and improvements to grant over-awards.⁴

² Mackenzie Claggett, “Financing Fees: The Inequitable Burden of University Costs,” OUSA (blog), September 5, 2018, https://www.ousa.ca/blog_mackenzie_capstone.

³ 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/>.

⁴ 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.

⁵ 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/>.

⁶ 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/>.

⁷ Tishcoff, Ryan. Affordability: Results from the 2017 Ontario Post-

Two-Year, Interest-Free Grace Period

Without an interest-free grace period, many new graduates are simply unable to pay off the interest on their loans. As of 2014, it takes Canadians a median of sixteen weeks, or roughly four months, to find a job.⁵ Graduates from low-income families may have no choice but to let the interest on their loans build during this job-seeking period, which means they end up putting more money toward their loans instead of contributing to Ontario’s economic growth.

After two years, 93% of graduates have secured employment.⁶ A two-year, interest-free grace period, therefore, would allow students to secure housing, gain skills, and become financially stable enough to repay their loans.

“Mature Student” Definition

Mature status is important because it determines whether a student’s OSAP eligibility is calculated using their personal income or their parents’ income — and, sometimes, the latter means less funding or not being eligible for OSAP at all. In fact, 63% of undergraduate students in an OUSA survey said they paid for their education using their own savings, and many students noted that their parents did not have the means to support them or did not want to contribute to their education costs.⁷ This illustrates that the change to this definition will hurt students pursuing their first degree because it means they will need to take on private debt or delay entering post-secondary education.