

## OCUFA Briefing Note

**Issue: Student Assistance**

**Date: October 2008**

After years of tuition increases and increasing student debt burdens, Ontario's Liberal government froze university tuition at 2003-04 levels for two years. When the new tuition policy was implemented for 2006-07, universities seeking to increase tuition were required to sign on to the Ontario Student Access Guarantee: "No qualified Ontario student should be prevented from attending our publicly-assisted colleges and universities because of a lack of financial support programs." A number of student financial aid initiatives were announced in 2005 as part of *Reaching Higher*, the provincial government's \$6.2 billion plan for post-secondary education in Ontario.

The plan pledged to increase student financial assistance to \$358 million above 2004-05 levels. The cumulative value by 2009-10 was to reach \$1.5 billion, including a one-time grant of \$100 million for graduate student fellowships and \$50 million annual funding for the Ontario Student Opportunities Trust Fund. Other initiatives included expansion of the student loan program, and \$55 million per year by 2009-10 enhance access for students with disabilities, and francophone, Aboriginal Peoples and "first generation" students. Access Grants of up to \$3,000 towards tuition for first- and second-year students from low-income students were introduced in 2005, and expanded in 2006 to include students from middle-income families.

Budget 2008 implemented promises made by the Liberals in the 2007 election, notably the Textbook and Technology Grant - \$385 million over three years. It also promised \$27 million over three years to assist students from rural and remote areas to help cover travel costs.

Albeit by replacing the previous government's policy a "tuition set aside" from tuition increases to fund student aid, the current government's tuition and student aid policy essentially extends a policy of increasing the financing of university education through tuition and targeting student aid to lower income students.

### OCUFA's Position

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

## Background

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

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

In 2005-06, up-front grants were re-introduced for the first time since 1992-93. Access Grants are limited to students in their first- and second- year of study. For first year students from low-income families, the Millennium-Ontario Access Grant would grant up to \$3,000 in tuition funding provided in a four-year \$100 million joint initiative between the Ontario government and the Millennium Scholarship Foundation. Funding for up to \$3,000 in tuition grants for low-income second year students is funded solely by the provincial government.

The Ontario government introduced its Student Access Guarantee in 2006. As part of the guarantee, the tuition Access Grants were expanded in 2006 to include students from middle-income families. The threshold income for a family with two children was raised from \$35,000 to \$75,000. Up to half of the cost of tuition for students from low-income families (\$36,440 at the time) would continue to be covered. Students whose parents earned more - above \$36,440 per year but below about \$75,000 per year - were eligible for grants covering from 25% to 50% of their tuition. The expansion of the Access Grants was expected to increase the number of students being approved for grants in 2006-07 to 60,000.

The Textbook and Technology Grant announced in Budget 2008 is scheduled to ramp up over three years. Students would be eligible for \$150 in the fall of 2008, \$225 in 2009 and \$300 in 2010. The total cost was projected to be \$85 million for 2008-09, growing to \$130 million in 2009-10 and \$170 million in 2010-11.

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

## **ADDITIONAL RESOURCES:**

### **Other reports**

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