

AN ANALYSIS OF THE GRANT

Students are excited to see the government taking concrete steps to address the mounting cost of post-secondary education and to ensure that low- and middle-income students are able to attend. Students have long called for a tuition fee reduction and are pleased that the government has committed \$430 million dollars to provide a grant for some students.

However, students hope to work with the Ontario government to improve the policy. We are concerned that the tuition fee grant will exclude students who need it the most, is inadequate at assessing need, will be expensive to administer, will be difficult to implement at an institutional level and will fail to bring more access to the sector in the way that the government intends.

We want to ensure that government policy has the goal of addressing inequality in access to post-secondary education. To this end, we have created this document to begin a process of collaboration to improve the policy together. We hope that such collaboration will result in the implementation of a policy that both students and policy-makers can be pleased with for September 2012.

BRIEFING NOTE

THE 30 PERCENT TUITION FEE GRANT

GRANT EXCLUSIONS

While the grant will help many students, it adds further complications to an already complex financial aid system and fails to help students who need it the most. Current policies in place across the country that attempt to do this fail to effectively target students who have the most need. This grant compounds this problem. Students are concerned that the Liberal tuition fee grant excludes two-thirds of students in Ontario. The lack of tuition fee controls and the expectation that tuition fees will continue to rise means that many students who require assistance will be forced to pay increasing tuition fees while their peers who qualify for the grant will benefit from a well-intentioned but poorly executed form of financial aid.

Exclusion 1

Students who are independent from their parents.

The provision to exclude students who have been out of high school for more than four years will leave out many students who need the grant the most. Many people have chosen to return to school after experiencing difficulty in the job market or to find new employment. These people may be in dire financial need, but are ineligible for the grant.

Given the trend of increasing tuition fees, many students choose to take time off after high school in order to work to pay for school. These students have recognized need but many will be ineligible for this program.

According to Colleges Ontario, two-thirds of all college students do not enter college directly from high school. The vast majority of these students would be ineligible for this grant.

According to the Ontario Universities' Application Centre (OUAC), 23 per cent of applications for entry into full-time, first-year, undergraduate studies are from people not applying directly from high school.

According to the Ontario Student Assistance Program (OSAP), 44 per cent of college and university students who currently receive student loans are considered independent from their parents. OSAP defines students as "independent" if they have been out of high school for at least four years or if other criteria apply to them (eg: if they are married, in a common-law relationship, a sole-support parent or someone who has not been a full time student for at least 12 consecutive months on at least two occasions). Many students defined as "independent" by OSAP would not be eligible for the grant even though they have demonstrable financial need.

Exclusion 2

Students in "second-entry" programs

Second-entry programs like teacher's college, law, medicine, physiotherapy and dentistry are taken after students have completed a program and have often already accumulated significant student debt. These programs are characterized by low participation of low- and middle-income students due to the inability to afford the exorbitant up-front cost of fees – which can reach up to \$30,000 per year. This grant will not help narrow the widest access gap: between students who can afford such high fees and students who cannot. In order to reach students who have the most need who would like to enter these programs, they should not be excluded from eligibility.

2/3 of all college students do not enter directly from high school

Exclusion 3

Graduate students

Graduate students in Ontario pay the highest tuition fees in Canada and have less access to financial aid than undergraduate students. Graduate students in Ontario also study in one of very few jurisdictions that continue to charge students full tuition fees after they complete coursework and are solely engaged in writing their thesis. Similar to access issues with second-entry programs in Ontario, there is less participation in graduate school from students from low- and middle-income backgrounds due to accumulated debt and the inability to meet the high up-front cost.

Exclusion 4

Part-time students

Students are constantly moving from full-time to part-time status due to financial constraints. Many students will choose to move to part-time status in order to assist with tuition costs. When they drop to part-time status, they no longer have access to OSAP. These students may also be sole-support students, students with disabilities and students who may have difficulty paying for a full course load. These students often have high demonstrable need but will not be eligible to even a pro-rated form of the grant.

Exclusion 5

Students who fall from good standing

Studies show that students who work while attending school tend to have the most difficulty with their studies. By excluding students who fall from good standing, the policy will fail to assist students who may be working so much that it is affecting their performance and therefore students who may actually need the grant the most. In addition, many students who fall from good standing do so due to extraneous personal circumstances. Having to also worry about losing funding while dealing with difficult personal situations puts a serious strain on students' mental health.

Exclusion 6

International students

International students in Ontario pay two to three times the amount of tuition fees that domestic students pay for the same education. International students make valuable contributions to research and the learning environment in Ontario's colleges and universities, while contributing more than \$2 billion to the Ontario economy annually through spending on school, basic living expenses and other activities. Many international students struggle with the high cost of pursuing an education in Canada and an estimated 80 per cent remain in the country after graduation and contribute to the economy.

Exclusion 7

Students who are studying out-of-province

Canadian students who live outside of Ontario prior to their post-secondary studies often face the same financial barriers that those in Ontario face. If Ontario wants to strengthen the sector's capacity for research and teaching and position itself well in the knowledge-based economy, it is important to attract bright students from across the country. Like international students, out-of-province students make valuable contributions to the classroom as well as the Ontario economy.

Exclusion 8

Students whose parents make a combined annual income of \$160,000 or more

Students whose parents make more than \$160,000 may not necessarily receive financial support from their parents. This is an inadequate way to assess need. While such students may be viewed as independent, this grant excludes those students as well. In addition, this provision does not look into the personal circumstances of the students' families who may make this threshold. Many of these families may carry many costs and responsibilities which hinder their ability to assist their children, such as having many school-aged children who want to pursue a

**44%
of students
receiving
OSAP loans
are considered
independent**

college or university education. It will also exclude students who do not receive support from their parents for a variety of reasons, including coming out as LGBTQ.

ADMINISTRATIVE COSTS

Implementing this grant with complex exclusions requires the development of an application process independent of the Ontario Student Assistance Program since many students who would otherwise be ineligible for student loans will be eligible for this grant. Unfortunately, this means that there will be heavy administrative costs for the grant and some students who would be otherwise eligible will likely not receive the grant.

An application process won't reach all eligible students

The Textbook and Technology Grant, introduced in 2008, was an application-based grant that did not reach many students. Despite the availability of the grant to all full-time students, the uptake was lower due to the lack of awareness of such a grant and the assumption by some students that they wouldn't qualify for the grant.

An application and verification process will be costly, whereas an automatic reduction won't have any administrative costs

Instead of the additional bureaucracy through OSAP to administer the Textbook and Technology Grant, the allocated funding could have gone to an across-the-board tuition fee reduction, free of the extra administrative costs and issues with uptake. This new tuition grant will encounter the same problems with administration. However, it will be even more costly to implement because the Ministry will require information about parental income and students' status, whereas the Textbook and Technology Grant simply required students to provide basic information online.

UNINTENDED PRIVATIZATION

Implementing this grant will have the unintended consequence of encouraging a two-tiered, private-public post-secondary education system among Ontario's universities.

The University of Toronto and Queen's University have publicly stated their intention to become private, elite institutions who want to pursue more private funding for their operations. These institutions may compete for students who won't be eligible for the grant in order to show the Ministry through their operating funds that their students can afford to pay higher tuition fees. By attracting higher-income students and relying less on government funding, these universities can argue that they don't require tuition fee regulation. By not funding institutions equally, the province is creating a situation where some institutions can claim that they receive less funding from the government and should be free to control other private sources of revenue like tuition fees. Students fear that this will open the door to an American-style, two-tiered post-secondary education system.

RECOMMENDATIONS

Remove costly administrative bureaucracy and provide greater access for students by implementing a fully-funded 13 per cent tuition fee reduction across the board.

To save money in administrative costs and ensure that all students who need assistance receive support, students recommend implementing a tuition fee reduction for all students. If the \$430 million were to be applied to all students, it would result in a 13 per cent across-the-board tuition fee reduction. This reduction would be relative to what students actually pay in tuition fees, rather than an average (ie, a student paying \$30,000 in dentistry fees would see a reduction of \$3,900

and a part-time student taking one course at \$1,000 would see a reduction of \$130).

Excluding students whose parents make \$160,000 or more may seem to exclude higher income students. However, such a policy fails to understand the complex financial realities of many students and their families. Wealthy students will always be able to afford high tuition fees. Rather than penalizing students who need this policy by trying to weed out wealthy students, Ontario needs a policy that focuses on students in need by ensuring all students receive the tuition fee reduction. This way, we can be sure to not miss any students in need. We also can remain confident that students from wealthier families have contributed more to their education through Ontario's progressive tax system.

A fully-funded tuition fee reduction would mean that institutions would not lose money, and tuition fee dollars would instead be replaced by government funding. Such a policy would ensure that the quality of education would be protected.

Create a multi-year tuition fee policy that continues to reduce tuition fees for all students to 30 per cent over four years.

It is good that this policy recognizes tuition fees must be reduced by a significant amount, and students agree. As a result, we recommend that a policy of fully-funded reductions of up to 30 per cent be implemented over four years to ensure more equity in access throughout the system.

Introduce policy that reduces student debt.

While many students rely on loans to finance their education, the amount of student debt can be lowered by reducing the debt cap – the maximum allowable debt that a student owes to the government. Other ways to reduce student debt include moving toward the replacement of loans with grants for lower-income students and reducing or eliminating interest on student loans.

Increase per-student funding to the national average.

In real dollars, Ontario spends less on post-secondary education per student than two decades ago and continues to have the lowest per-student funding in the country, 24 per cent below the Canadian average. For Ontario's colleges and universities to provide high-quality education, while meeting the increased demands of a changing population and economy, there must be stable and enhanced funding from the provincial government.

TUITION GRANT - estimated numbers

Type of Student	Number of students	Are they eligible for the grant?
Total Number of post-secondary students at public institutions:	920,000	
Full-Time Domestic Undergraduate Students	297,500	YES*
Part-Time Domestic Undergraduate Students	45,500	No
Full-Time & Part-Time International Students	27,000	No
Full-Time & Part-Time Domestic Graduate Students	49,500	No
Full-Time Domestic College Students	180,000	YES*
Part-Time Domestic College Students	312,000	No
International College Students	10,500	No
Full-Time Law Students	5,932	No
Full-Time Medicine Students	8,133	No
Full-Time Dentistry Students	570	No
Full-Time Pharmacy Students	1,206	No
Full-Time Optometry Students	355	No
Full-Time Education Students	8,350	No

* Only those students who are considered dependent on their parents, whose parents make less than \$160,000, who are currently in good academic standing and who are from Ontario.

Data Sources:

Statistics Canada, Colleges Ontario, Council of Ontario Universities, Ontario Ministry of Training, Colleges and Universities, College and University Annual Reports (2009, 2010).