



News Release

For Immediate Release

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Non-Repayable Student Grant Costs Rise Dramatically—But Not Enrolments Yet: Auditor General

(TORONTO) When eligibility for financial aid under the Ontario Student Assistance Program (OSAP) was expanded in the 2017/18 academic year, the cost of that aid, primarily in the form of non-refundable grants, rose 25% over the previous year—but enrolments rose only about 2%, Auditor General Bonnie Lysyk says in her *2018 Annual Report*, released today.

“We concluded that a large portion of new OSAP recipients were already attending college or university—and paying for it by themselves or with loans—even before they qualified for the new aid,” Lysyk said after tabling her Report in the Legislative Assembly.

“As this was the first year for the new eligibility rules, it may not yet be possible to draw long-term conclusions,” she added, “but it certainly bears watching.”

OSAP provides grants and loans to students at post-secondary institutions, usually universities, colleges or private career colleges. The amount of aid depends primarily on educational costs, family income and size, and, to a certain extent, on the student’s own assets. The Ministry of Training, Colleges and Universities (Ministry) administers OSAP.

The Ministry introduced major changes to OSAP in the 2017/18 academic year to make post-secondary education more accessible and affordable for students from low- and middle-income families. The changes provide a larger percentage of financial aid in the form of non-repayable grants rather than repayable loans—98% in grants in the 2017/18 academic year, compared to 60% the year before.

However, although more people were getting financial aid last year—24% more university recipients and 27% more college recipients—more people are not necessarily accessing post-secondary education. We noted that the increase in enrolment was only 1% for universities and 2% for colleges.

Among other findings of the Report:

- OSAP uptake under the new rules so exceeded expectations that the government projected in the 2018 Budget that OSAP could cost \$2 billion annually by the 2020/21 fiscal year, a net increase of 50% from the 2016/17 fiscal year.
- The Ministry tracks limited data about OSAP recipients and so cannot determine whether the latest changes actually helped improve access to post-secondary education by under-represented groups in financial need. However, the fact that 27% of mature students already attending post-secondary institutions last year only qualified for grants in the 2017/18 academic year helps explain why the higher number of recipients is not reflected in the more modest enrolment increase.
- Parental income is considered in determining OSAP eligibility for students who have been out of high school for less than four years and are financially dependent on their parents—but not for those who have been out for four years or more. We noted that the number of students who had been out of high school for at least four years and who received OSAP increased 33% from the 2016/17 to 2017/18 academic years, and that close to 30% of them said on their applications that they were living with their parents. The Ministry did not know whether the students actually needed OSAP support.

- About \$69 million in defaulted student loans have been transferred to the Ministry of Finance for collection in each of the last five years. The two most effective ways to collect on defaulted loans are to engage private collection agencies and to garnish income-tax refunds through the Canada Revenue Agency. Collection agencies are usually used first, although they charge a 16% commission, while Canada Revenue charges only about 1%.

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Read the [Ontario Student Assistance Program](https://www.auditor.on.ca) audit report at www.auditor.on.ca

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