



Ontario Student Assistance Program 2018 Value-for-Money Audit

Why We Did This Audit

- Ontario awards about \$2 billion annually in grants and loans to students.
- Through recent major program changes, a greater portion of student aid is in the form of grants versus loans (98% in grants in the 2017/18 academic year versus 60% the year before).
- There is no cap on the number of students who can qualify for assistance. It is therefore important that the government ensure funding, especially in the form of grants, is directed toward students most in need in order to achieve its intended goals while maintaining due regard for the economy.

Why It Matters

- The Province's goal is to make post-secondary education more accessible and affordable to those requiring financial assistance, following major program changes that began in the 2017/18 academic year.
- It is important that only eligible students receive financial assistance through the Ontario Student Assistance Program (OSAP), in the proper amount, and that loans are collected when they become due.

What We Found

- Although more people are getting financial aid than before the 2017/18 program changes—24% more university recipients and 27% more college recipients—substantially more people are not accessing post-secondary education. We noted that the increase in enrollment is only 1% for universities and 2% for colleges.
- Although one of the objectives of the program changes is to increase access to post-secondary education for underrepresented groups, such as low-income and Indigenous people, the Ministry does not know whether changes to OSAP have increased access for these groups. This is because the Ministry does not know the income levels and other demographic factors of students who have not applied for OSAP. As a result, the Ministry does not know if the composition of students enrolled in school has changed.
- The changes to OSAP were expected to have a positive impact on the Province's finances, because the elimination of Ontario's Tuition and Education Tax Credits was expected to more than offset the increase in grants. However, the uptake to date of student grants has exceeded expectations, resulting in the Province's March 2018 budget projecting that OSAP grants could cost \$2 billion annually by the 2020/21 fiscal year, a net increase of 50% from 2016/17.
- The number of mature students who received OSAP increased 33% from the 2016/17 to 2017/18 academic years. Almost 30% of them said on their applications that they were living with their parents. Parental income is only taken into consideration when determining OSAP eligibility for students who have been out of high school for less than four years and are financially dependent on their parents. Although mature students who live with their parents are entitled to OSAP support, by not including parental income in the determination of their eligibility, the Ministry was unable to say whether these students actually needed OSAP support.
- Improvement is needed in the Ministry's oversight of Financial Aid Offices, which process 92% of OSAP applications on the Ministry's behalf. We noted problems with Ministry processes for tracking and recording deficiencies during inspections (for example, file completeness and adherence to Ministry policy), communicating results of inspections to the Offices, and involving, following up to ensure corrective actions were taken where required.

Conclusions

- The Ministry has procedures in place to ensure that student aid is provided to eligible applicants and that the amount and type of support provided is accurately determined, with the exception of cases in which OSAP payments were made to students after they had withdrawn from studies.
- The major program changes made in the 2017/18 academic year have not resulted in a significant increase in student enrollment in colleges and universities by those who need OSAP support. Students who were previously receiving loans are now receiving grants.
- Collection activities on overdue student loans that yield significant results do not begin until nine months after the loans are in default. As well, private collection agencies, which are more expensive, are used before garnishing income tax refunds through the Canada Revenue Agency.
- Improvements are needed in Ministry oversight of Financial Aid Offices in regard to how Ministry inspections are conducted and documented.

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