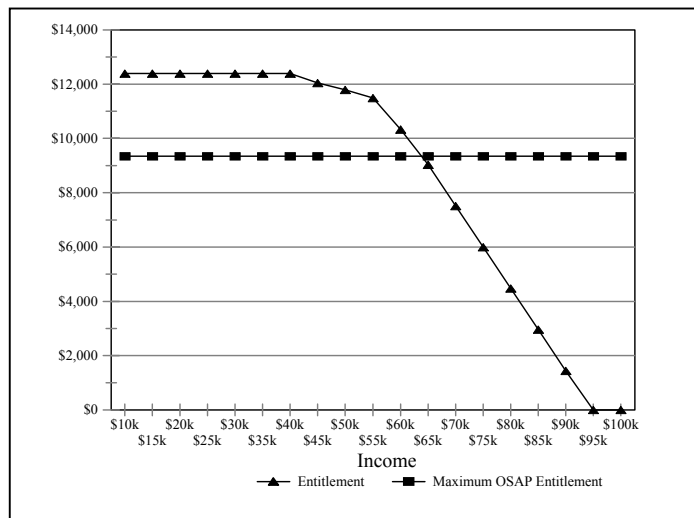


## D. The Ontario Student Financial Assistance System

Much of the financial assistance distributed to Ontario postsecondary students is tied to the Ontario Student Loan (OSL) and the Canada Student Loan (CSL) programs. Both the OSL and CSL programs use a needs-based assessment methodology to distribute assistance: entitlement is determined by subtracting available revenue from education costs. Graph 6 illustrates how OSAP entitlement decreases as family income rises. The example used here is OSAP entitlement for a dependent student attending an institution away from home who qualifies for maximum education costs. A brief explanation of the assessment methodology and graphs illustrating entitlement for other groups of students can be found in Appendix B.

**Graph 6: OSAP Entitlement for a Dependent Student  
Away From Home, Four Family Members, One University Student**



Source: *OSAP Student Eligibility and Financial Need Assessment Manual, 2000-01*

In this scenario, a dependent student whose parents have a combined income of less than approximately \$65,000 will receive the maximum OSAP entitlement of \$9,350, but will have a calculated need that is “unmet” by OSAP. That is, the student’s calculated need is more than \$9,350. A student whose parents have a combined income of between \$65,000 and \$95,000 will receive OSAP. If a student’s combined parental income is more than \$95,000, the student will not be entitled to OSAP.

## D.1. Major Financial Assistance Programs

The following table outlines the current major government programs, their eligibility requirements and maximum awards.

Program	Eligibility	Maximum Award
<p><b>Ontario and Canada Student Loan Programs (OSAP/CSL):</b></p> <p>A needs assessment methodology determines loan amount. Loans are interest free while the student is in school and maintains the required course load.</p> <p>In 1999-2000, approximately \$500 million and \$700 million were distributed to Ontario students through OSL and CSL, respectively*.</p>	<ul style="list-style-type: none"> <li>• Canadian citizen or permanent resident of Canada (landed immigrant);</li> <li>• Must meet residency requirements;</li> <li>• Enrolled or planning to enrol in an approved postsecondary institution and program;</li> <li>• At least 60 percent of a full course load (40 percent for students with permanent disabilities);</li> <li>• Taking a program that is 12 or more weeks in length;</li> <li>• Previous student loans must be in good standing; and</li> <li>• Have passed the OSAP credit check.</li> </ul>	<p>Single Students: \$275 per week of study (\$110 OSAP and \$165 CSL), or \$9,350 for a 34-week program. The maximum award has remained fixed since the 1980s.</p> <p>Married Students and Students with Dependents: \$500 per week of study (\$335 OSAP and \$165 CSL) or \$17,000 for a 34-week program. Maximum awards have not changed since 1994-95.</p>
<p><b>Ontario Work Study Plan:</b></p> <p>Part-time jobs on campus for students who have demonstrated financial need.</p> <p>The provincial government contributed \$8,355,000* in 1999-2000. Institutions also made contributions.</p>	<ul style="list-style-type: none"> <li>• Canadian citizen, permanent resident or Ontario resident; and</li> <li>• Registered full time.</li> </ul>	<p>Students earn at least minimum wage. Maximums are \$1,000 per semester and \$3,000 per year.</p>
<p><b>Bursary for Students with Disabilities:</b></p> <p>\$22,340,000* in 1999-2000.</p>	<ul style="list-style-type: none"> <li>• Canadian citizen or permanent residency;</li> <li>• A resident of Ontario; and</li> <li>• Have been offered a student loan by OSAP and have extra expenses resulting from the disability that are not being covered by another agency.</li> </ul>	<p>The maximum amount that can be received is \$7,000 per academic year (non-repayable and taxable).</p> <p>Recipients are also eligible to receive OSAP.</p>

<p><b>Child Care Bursary Plan:</b></p> <p>Non-repayable bursary available to students with child care costs for at least three children (11 years old or younger and/or 12 years old or older who need child care due to disability, illness or injury).</p> <p>\$518,682* in 1999-2000.</p>	<ul style="list-style-type: none"> <li>• Eligible for Canada and OSAP loans.</li> </ul>	<p>Married Students: \$35 for the third child, \$29 for the four and fifth.</p> <p>Sole-Support Parents: \$70 for the third child, \$58 for the fourth and fifth.</p>
<p><b>Ontario Special Bursary Plan:</b></p> <p>Non-repayable bursary to help cover education costs for part-time students who are not able to attend school full time.</p> <p>\$4,481,000* in 1999-2000.</p>	<p>The usual OSAP requirements, plus:</p> <ul style="list-style-type: none"> <li>• Students are unable to attend full time due to family responsibilities or other personal circumstances;</li> <li>• 20% to 60% of a full course load;</li> <li>• Meet the Annual Gross Income Limit;</li> <li>• Usually, students are obtaining their first degree, diploma or training program certificate;</li> <li>• Recipients cannot receive funding from the CSL, OSAP, Child Care Bursary, or the Ontario Work Study Plan; and</li> <li>• Recipients can receive funding from the Bursary for Students with Disabilities.</li> </ul>	<p>\$2,500 maximum per academic year.</p> <p>Students are not eligible to receive OSAP.</p>
<p><b>Canada Study Grant for High Need Part-Time Students:</b></p> <p>\$34,500* in 1999-2000.</p>	<p>The student must be studying part time for one of the following reasons:</p> <ul style="list-style-type: none"> <li>• The student is a single parent, responsible for the primary care of his or her dependent children 11 years of age or younger, who are living with the student full time during the current study period; or</li> <li>• The student is responsible for the primary physical and financial care of elderly dependent(s) requiring supervised care and/or dependent(s) with a permanent disability requiring supervised care; or</li> <li>• The student was admitted to a public Ontario university or college on the basis of being a mature student restricted to conditional studies by the institution (i.e. limited to an enrolment maximum of two courses); or</li> <li>• The student is permanently disabled and, due to his/her disability, the student is unable to undertake at least 60% of a full-time course load.</li> </ul> <p>In addition, the student's total family gross income and assets must fall within the maximum limits.</p>	<p>\$1,200 per current period of study and OSAP year.</p>

<p><b>Interest Relief Program:</b></p> <p>Provides interest relief on OSAP loans only (Canada Student Loans has a separate program).</p> <p>\$15,263,978* in 1999-2000.</p>	<ul style="list-style-type: none"> <li>• Paid directly to the bank holding the loan; and</li> <li>• Applicants must be living in Canada; have had their loans consolidated; discussed other options with their bank; have a gross family income that does not exceed the level allowable by the ministry; and have never defaulted on their loan.</li> </ul>	<p>In September 2001, the Interest Relief period was extended to 54 months from 30 months.</p>
<p><b>Ontario Student Opportunity Grant:</b></p> <p>Replaced the Loan Forgiveness Program in 1998-99.</p> <p>\$484M* in 1999-2000.</p>	<ul style="list-style-type: none"> <li>• Applicants are eligible if they have negotiated a loan that exceeds \$7,000 for a two-term academic year; students receive a grant for the amount above \$7,000 (\$10,500 for three terms);</li> <li>• Academic year must have been completed; and</li> <li>• Students that withdraw or switch to part-time are not eligible.</li> </ul>	<p>Amounts in excess of \$7,000 for a two-term academic year (\$10,500 for three terms).</p>
<p><b>Canada Millennium Bursary and Scholarship:</b></p> <p>95% of the funds are allocated based on financial need and academic merit (applicants have to qualify for an OSAP loan, but do not have to accept it) and 5% of the funds are allocated based on merit.</p> <p>The annual Foundation investment in Ontario is \$106.3 M.</p>	<ul style="list-style-type: none"> <li>• Recipients must be full-time students attending a Canadian institution (except Bilateral Exchange Agreements);</li> <li>• Application is through OSAP;</li> <li>• Merit awards are limited to students entering first-year of postsecondary studies; and</li> <li>• Recipients may hold both an excellence and bursary award.</li> </ul>	<p>Value of general award is \$3,000 (lifetime maximum of \$15,000);</p> <p>Available for a maximum of four academic years (32 months) of study.</p> <p>Endowment fund of \$2.5 billion.</p>
<p><b>Aiming for the Top:</b></p> <p>\$8,145,128 was awarded to university students in 2000-2001 (universities received 90.7% of the funds allocated through this program).</p> <p>See Appendix C for distribution summary.</p>	<ul style="list-style-type: none"> <li>• Awards are granted to the graduating students with the highest marks at each Ontario high school. The number of awards that a high school receives is dependent on the number of students in the high school;</li> <li>• Academic performance is the sole criteria for awarding the scholarship. The value of the award reflects the student's need;</li> <li>• Must be an Ontario resident as defined by OSAP (Ontario high school graduate, attend an Ontario university or CAAT, full-time student); and</li> <li>• Renewable for 4 years at the first-year level providing the student maintains an average grade of 80%.</li> </ul>	<p>Between \$100 and \$3,500 per academic year.</p> <p>The award cannot exceed actual tuition and compulsory fees.</p> <p>Students can apply for a \$100 Basic Merit Amount that is not dependent on financial need.</p>

<p><b>Ontario Student Opportunity Trust Fund:</b></p> <p>The provincial government matched donations made from private companies to institutions.</p> <p>The deadline for pledges was March 1997.</p> <p>See Appendix D for distribution summary.</p>	<ul style="list-style-type: none"> <li>• Students are assessed on the basis of consistently applied criteria for financial need as determined by financial aid officers.</li> </ul>	<p>Award amounts are dependent on terms and conditions established by the donor.</p> <p>In total, universities have received \$254 million in cash and pledges as of April 2001.</p>
<p><b>Tuition Set-Aside Funds:</b></p> <p>Currently, 30% of funds received through tuition fee increases must be used for student financial aid.</p> <p>\$76.4 million in 1999-2000.</p> <p>See Appendix E for distribution summary.</p>	<ul style="list-style-type: none"> <li>• Assistance is generally in the form of bursaries, student scholarships and work study.</li> <li>• Students are assessed on the basis of consistently applied criteria for financial need as determined by financial aid officers.</li> </ul>	<p>Award amounts are determined by FAOs using consistently applied criteria.</p>

\* Includes universities, colleges and private vocational schools.

In addition to the programs listed above, there are thousands of institutional and private scholarships that award funds to students on a yearly basis. The following table gives an indication of the significant role that these institutional scholarships and bursaries have come to play in recent years. As a percentage of total university operating expenses, total expenses on scholarships and bursaries was 2.4 percent in 1990-91. By 1999-2000, this percentage had risen to 7.2 percent.

**Total Expenses on Scholarships and Bursaries  
as a Percent of Total Operating Expenses 1990-91 to 1999-2000**

	Scholarships and Bursaries (\$000)	Total Operating Expenses (\$000)	Scholarships and Bursaries as Percent of Total Operating Expense
1990-91	58,636	2,410,120	2.4
1991-92	63,493	2,624,409	2.4
1992-93	71,036	2,718,337	2.6
1993-94	76,700	2,669,676	2.9
1994-95	86,232	2,697,232	3.2
1995-96	92,797	2,714,639	3.4
1996-97	101,888	2,643,895	3.9
1997-98	126,928	2,696,529	4.7
1998-99	169,326	2,931,432	5.8
1999-2000	228,456	3,192,719	7.2

Source: Council of Ontario Universities, *Financial Report of Ontario Universities*, various years.

## **D.2. Tax Credits and Government Educational Savings Plans**

It has been argued that the various tax credit changes over the last five years have increased the overall affordability of university education. It has also been argued that, since tax credits are not a front-end funding source, their use does not promote accessibility for individuals who do not have the resources to pay for postsecondary education. Thus, they mainly benefit families and individuals who would have accessed education regardless of the tax credit. In order to gain a complete picture of the Ontario system, a list of tax changes since 1996 is provided below.

### **D.2.1 Tuition and Education Tax Credits:**

- 1996:
- The Education Tax Credit was increased from \$80 to \$100 a month.
  - The limit on tuition and education credits that can be transferred to a spouse or parent(s) was increased from \$680 to \$850. This represents an increase from \$4,000 to \$5,000 in the tuition fee and education amounts that may be transferred.
- 1997:
- The tuition tax credit was extended to include mandatory fees.
  - The education tax credit was raised to \$150 from \$100 a month.
  - The education and tax credits were altered so as to allow students to carry their value forward indefinitely.
- 1998:
- The education tax credit was raised from \$150 to \$200 a month.

- 2001:      • A proposed Education Tax Credit increase from \$200 per month to \$400 per month.

#### **D.2.2. Tax Exemptions:**

- 2000:      • Tax exemption for income from scholarships, fellowships and bursaries was increased to \$3,000 from \$500 (the \$500 limit had been in effect since 1972).

#### **D.2.3. Loan Repayments:**

- 1998:      • A 17 percent federal tax credit on the interest portion of federal and provincial student loan payments.

#### **D.2.4. RRSPs/RESPs:**

- 1996:      • The annual limit on contributions to RESPs was increased from \$1,500 to \$2,000 and the lifetime contribution limit per beneficiary was increased from \$31,500 to \$42,000.

- 1997:      • The annual contribution limit to RESPs was doubled from \$2,000 to \$4,000.
- If the designated beneficiary of an RESP does not pursue postsecondary education, the contributor may roll over the interest/capital gains into any unused RRSP he or she might have. The contributor may also claim the interest/capital gains as income in the year the RESP expires, subject to a 20 percent penalty on top of regular income tax (previously, all interest/capital gains were forfeited).

- 1998:      • Tax-free RRSP withdrawals of up to \$10,000 a year (\$20,000 maximum over four years) for individuals returning to school. The RRSP must be repaid within 10 years.
- Canada Education Savings Grant (CESG): A matching grant of 20 percent the first \$2,000 of contributions (maximum \$400) made to RESPs for beneficiaries up to the age of 18.

#### **D.2.5. Part-Time Students:**

- 1998:      • Tax relief to part-time students: 1) a \$60 month credit for every month spent in part-time studies, 2) the child care expense deduction has been extended to include part-time students.

#### **D.2.6. Child Care:**

- 1996:      • The child care expense deduction was extended to all full-time students.

As one can see, these changes have resulted in not only an overall increase in the number and size of tax credits (for example, increased amounts for the tuition and education tax credits), but also an overall increase in the scope of credits (for example, extension of tax credits to part-time students and child care expenses).