



Student Advisory Committee
OSAP Policy Updates
OSL Indexation & Rehabilitation

Noah Morris, Director
March 2015

Agenda

- Overview of the SFA system
- Unmet Need and the Student Access Guarantee
- Ontario Student Opportunity Grant
- Indexing OSL
- Rehabilitation of Defaulted OSL
- Questions

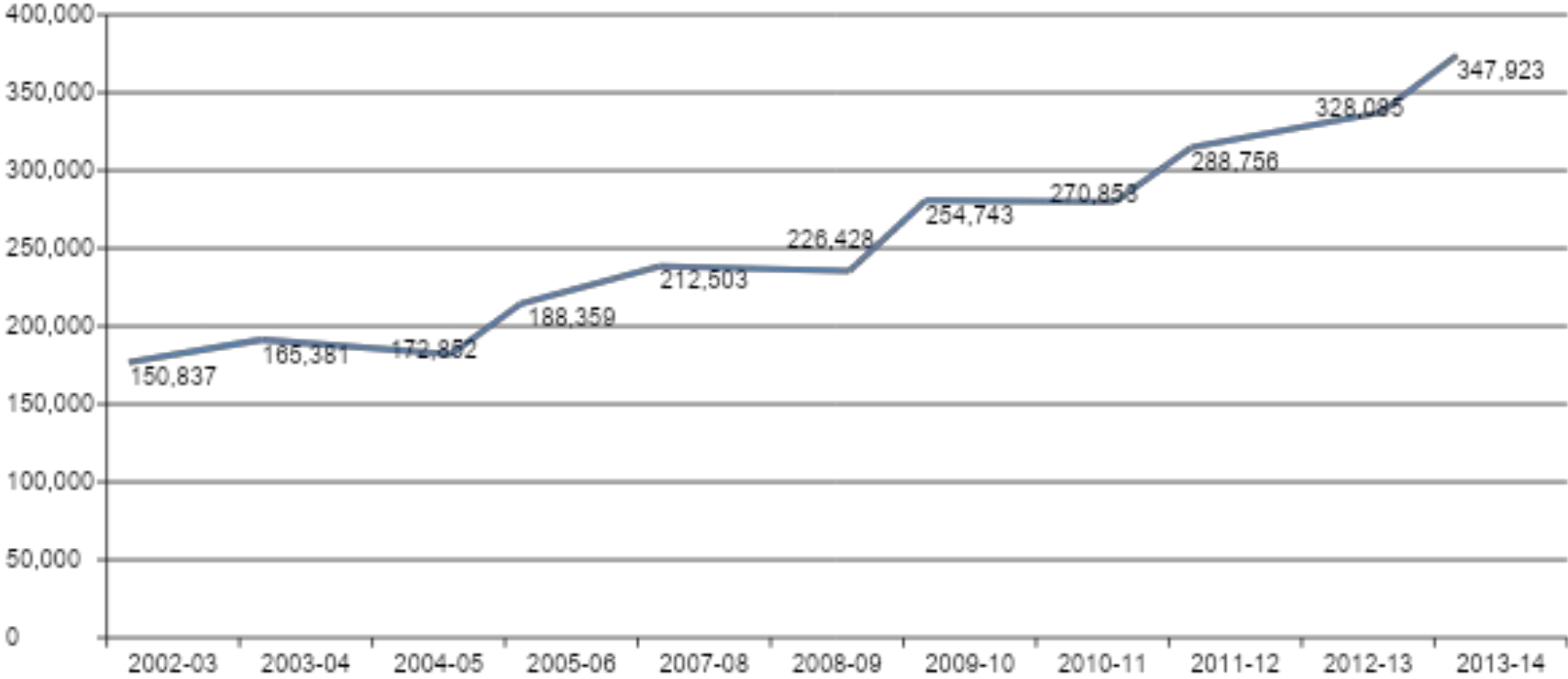
SFA Overview

OSAP Overview

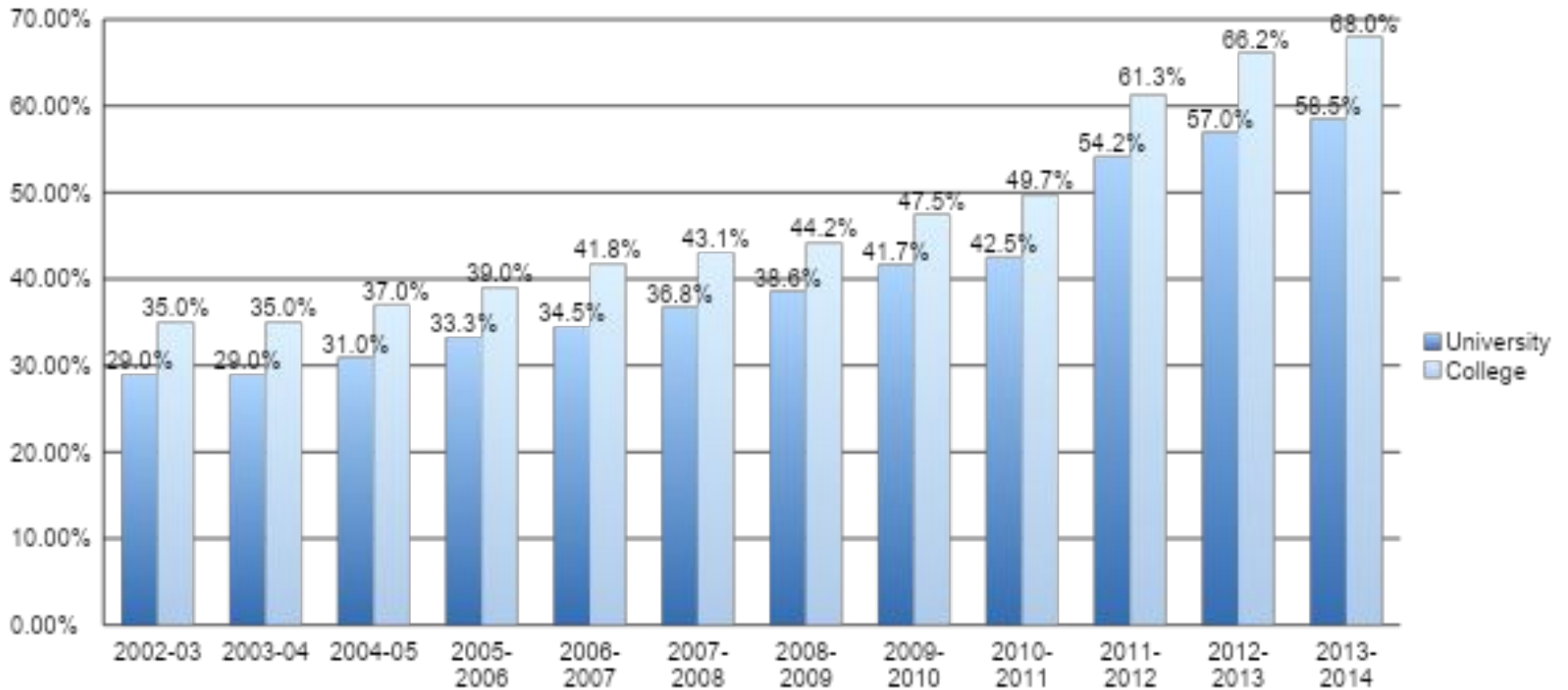
- OSAP is an umbrella term used to refer to all provincially and federally funded need-based student financial assistance in Ontario. OSAP includes 26 separate loan, grant, bursary, scholarship, and other aid programs.
- The purpose of OSAP is to provide needs-based assistance to eligible students from low and middle-income families who do not have the resources to pay for the costs of postsecondary education.
- Last year, about six in ten full-time Ontario students relied on OSAP programs (over 380,000 students) to help finance their postsecondary studies.

A Decade of Growth in Uptake

OSAP Recipients

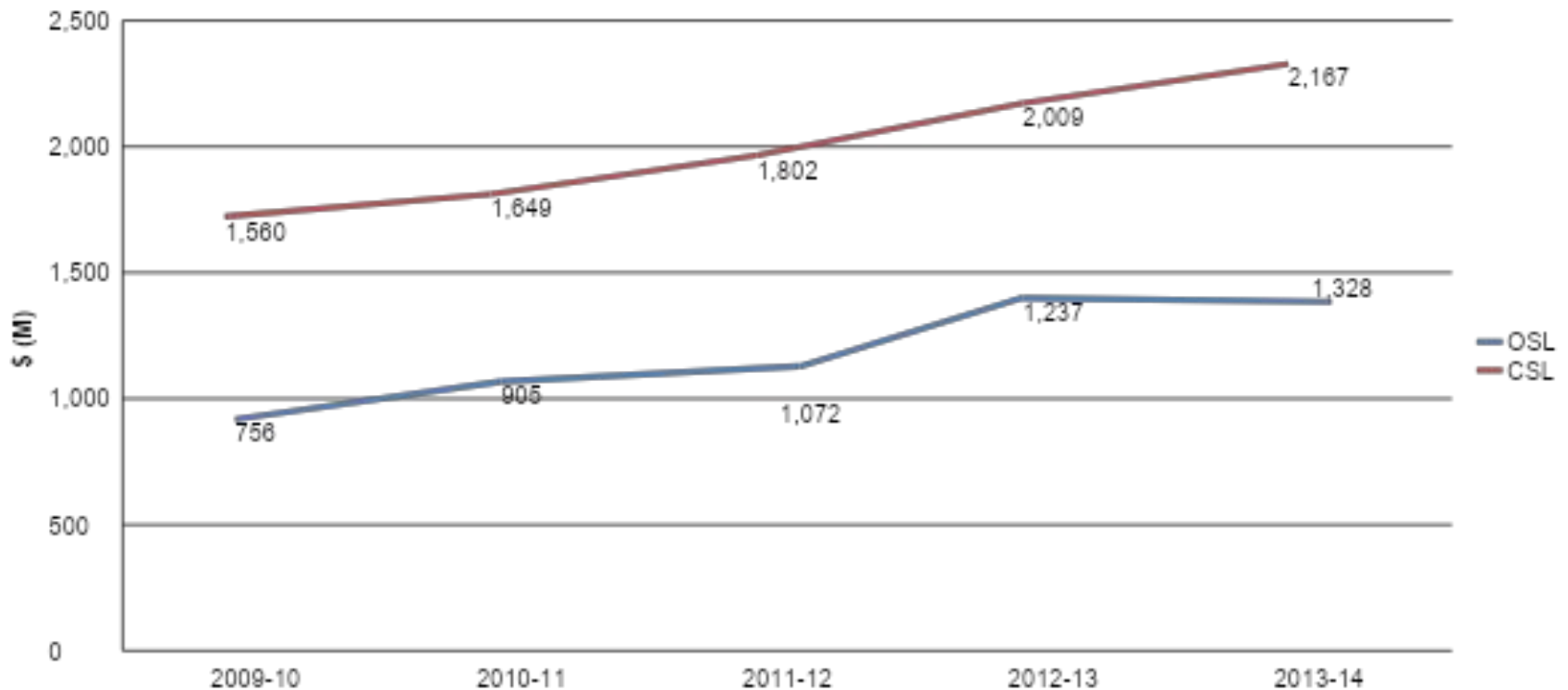


OSAP Participation Rates



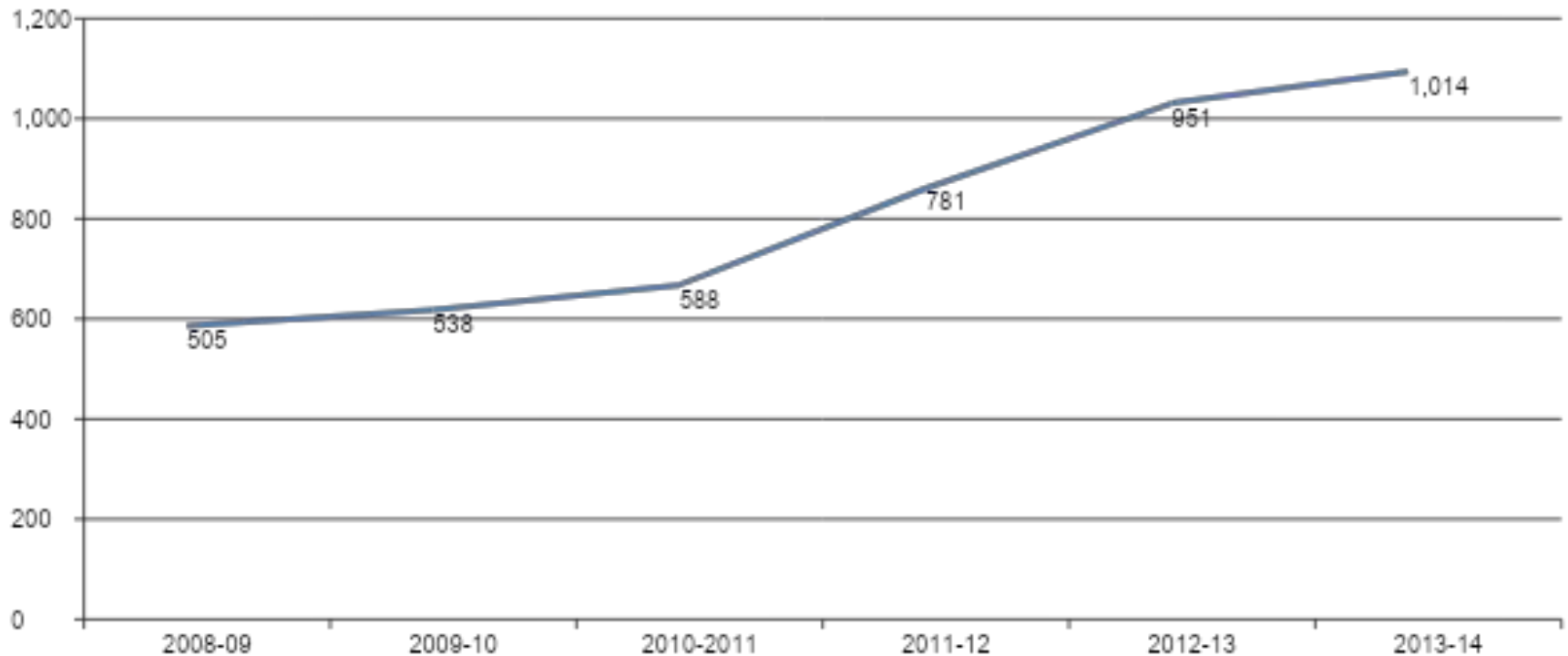
Ontario/Canada \$M Loans and Grants

Canada/Ontario Student Loan Expenditures

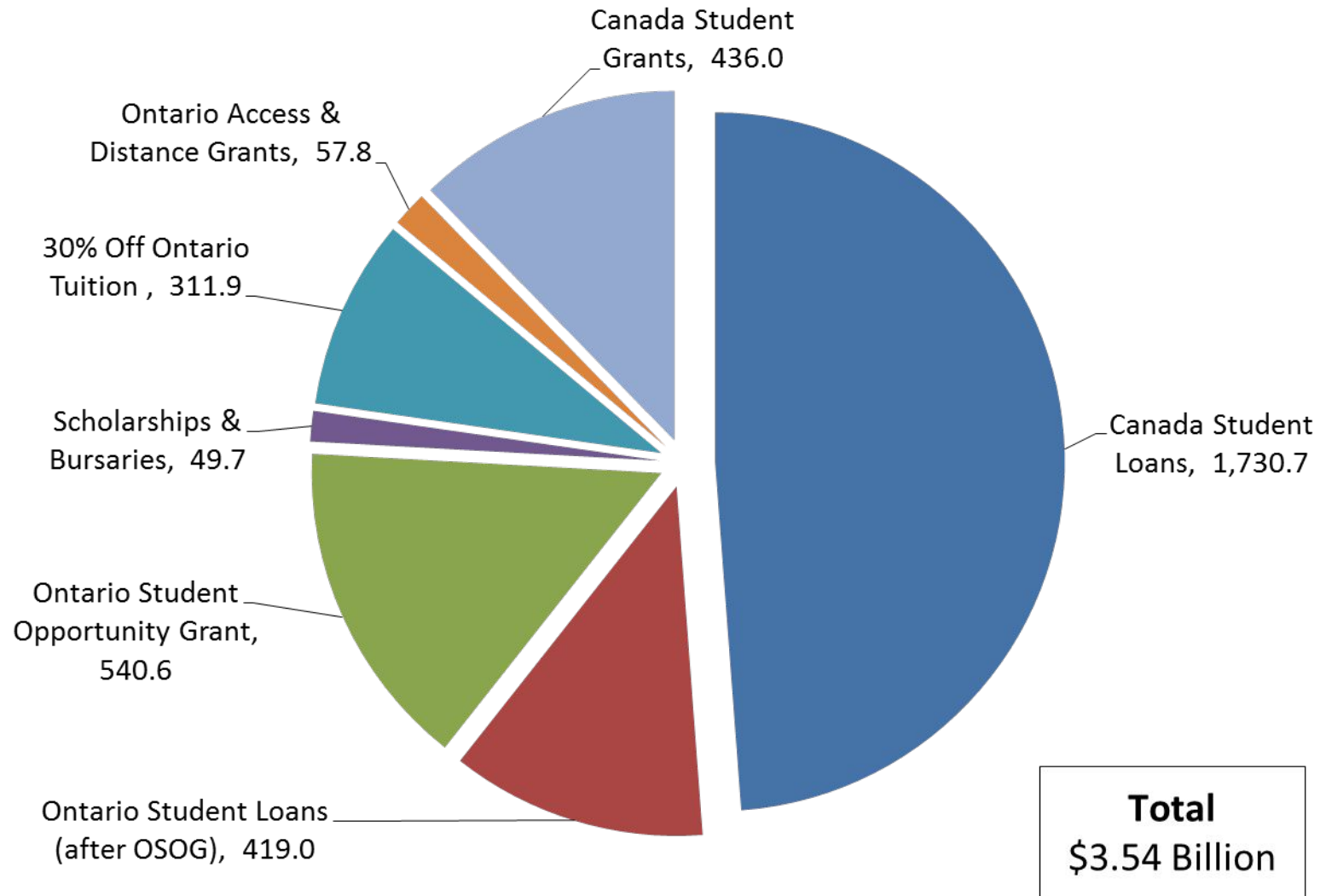


Ontario Financial Aid Expenditures

SFAB Transfer Payments (\$Ms) - Public Accounts

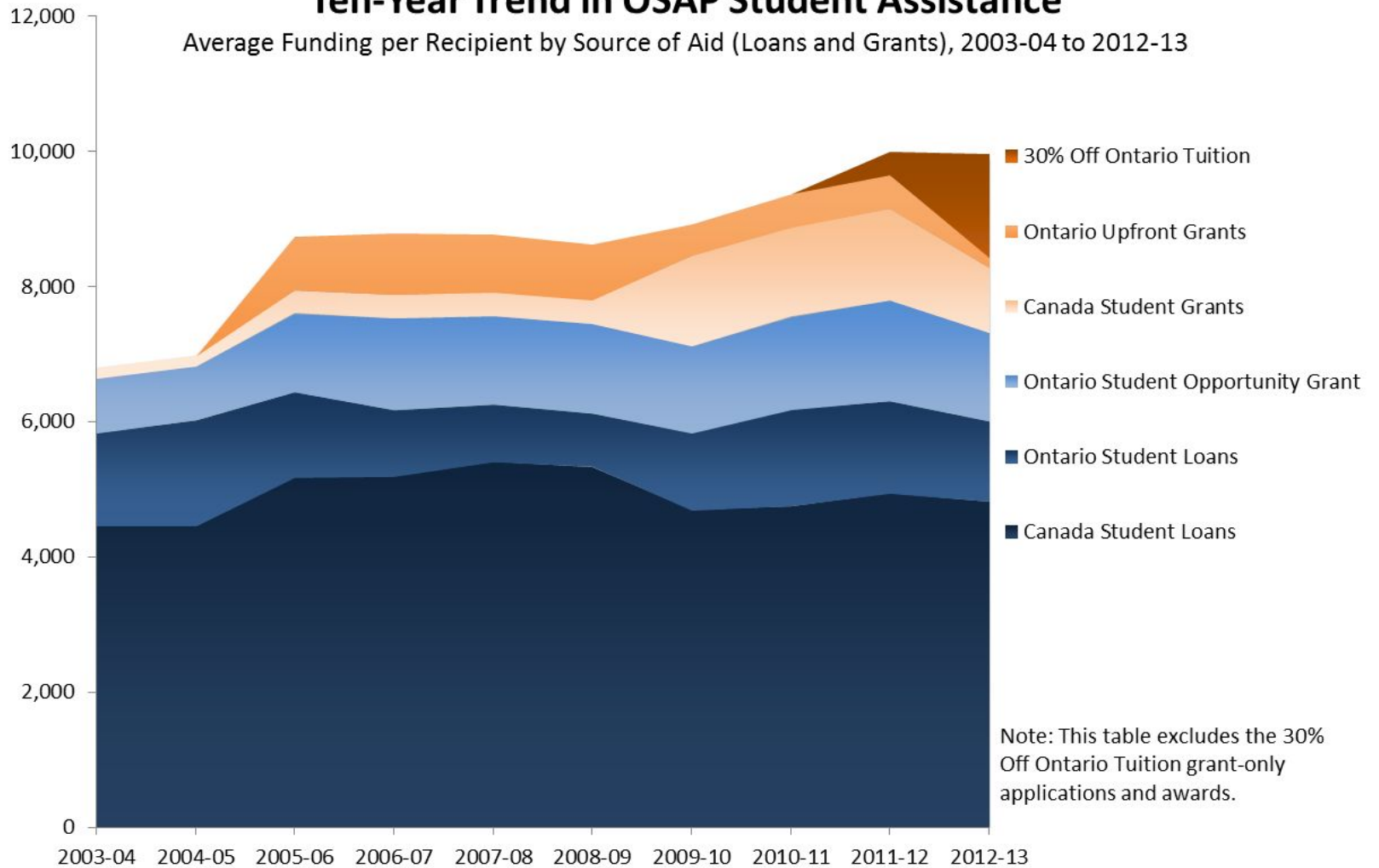


2013-14 Repayable and Non-Repayable Assistance



Ten-Year Trend in OSAP Student Assistance

Average Funding per Recipient by Source of Aid (Loans and Grants), 2003-04 to 2012-13



Unmet Need & Student Access Guaranteed

Student Access Guarantee

- In 2006-07, the Government introduced the Student Access Guarantee (SAG), with the goal to:

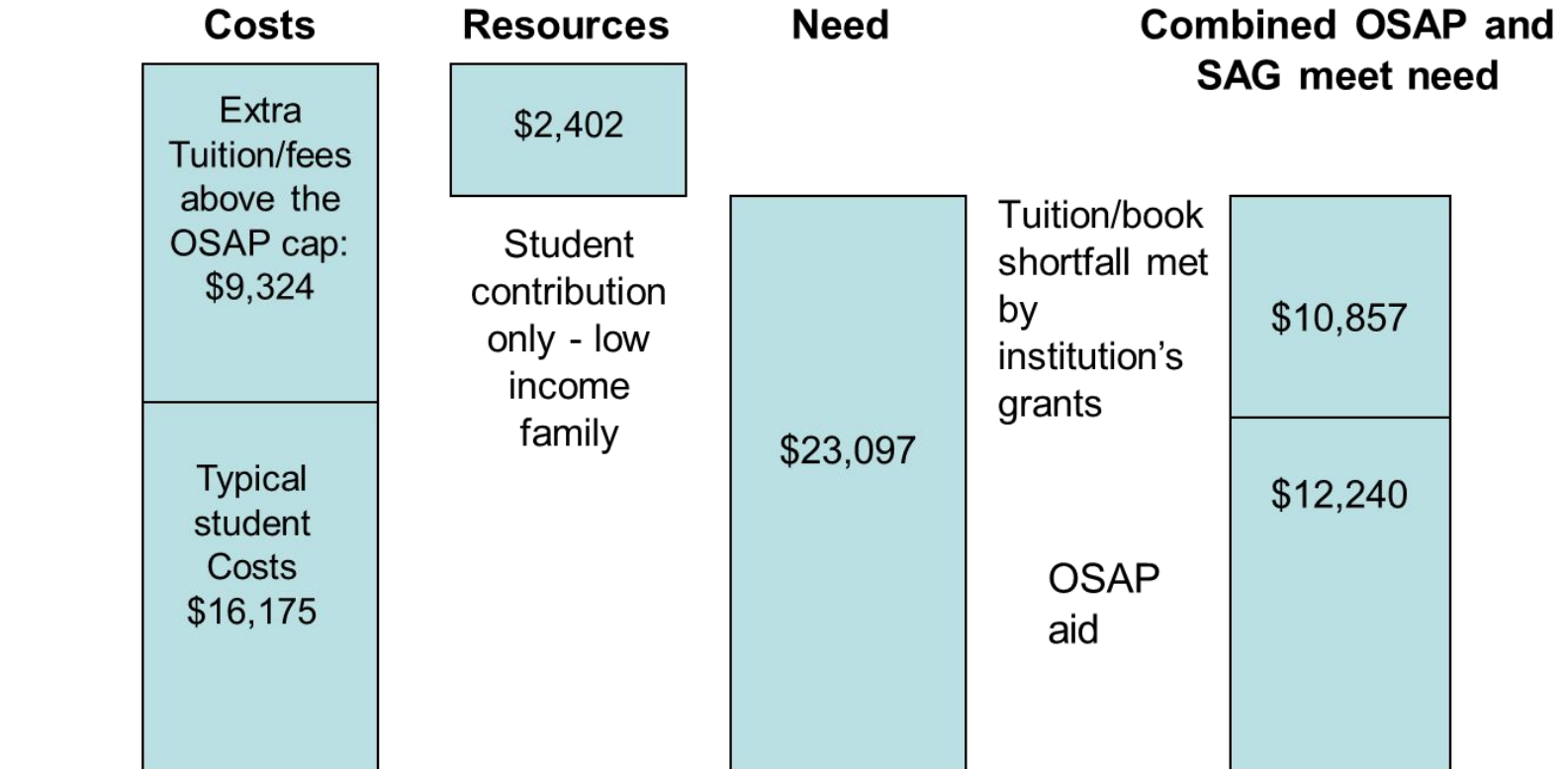
Ensure that Ontario students in need have access to the resources they need for tuition, books and mandatory fees, through a combination of government and institutional aid

- Since 2010-11, public institutions must automatically provide SAG assistance to OSAP students in first-entry programs for unmet financial need related to direct educational costs (i.e., the difference between tuition, compulsory fees, and books met by the OSAP need assessment and their actual costs).
- In addition, SAG encourages institutions to assist students with other types of unmet need they identify (e.g., living costs, emergencies).

How the Guarantee Works

- To ensure that students can get enough combined student aid for tuition, fee and book costs, the Ministry:
 1. Checks whether students still have unmet need after they have received the available amount of government aid from OSAP (e.g. does assessed need exceed aid?)
 2. If so, checks whether the student's costs for tuition, fees, books, supplies and equipment are resulting in unmet need (by seeing whether these costs exceed established thresholds – for example \$5,690 is the 2014-15 tuition cap).
- If a student has unmet need that is due to high tuition, fees, books, supplies and equipment costs, he or she has what is called a “tuition/book shortfall.”.

Example of SAG Meeting Unmet Need

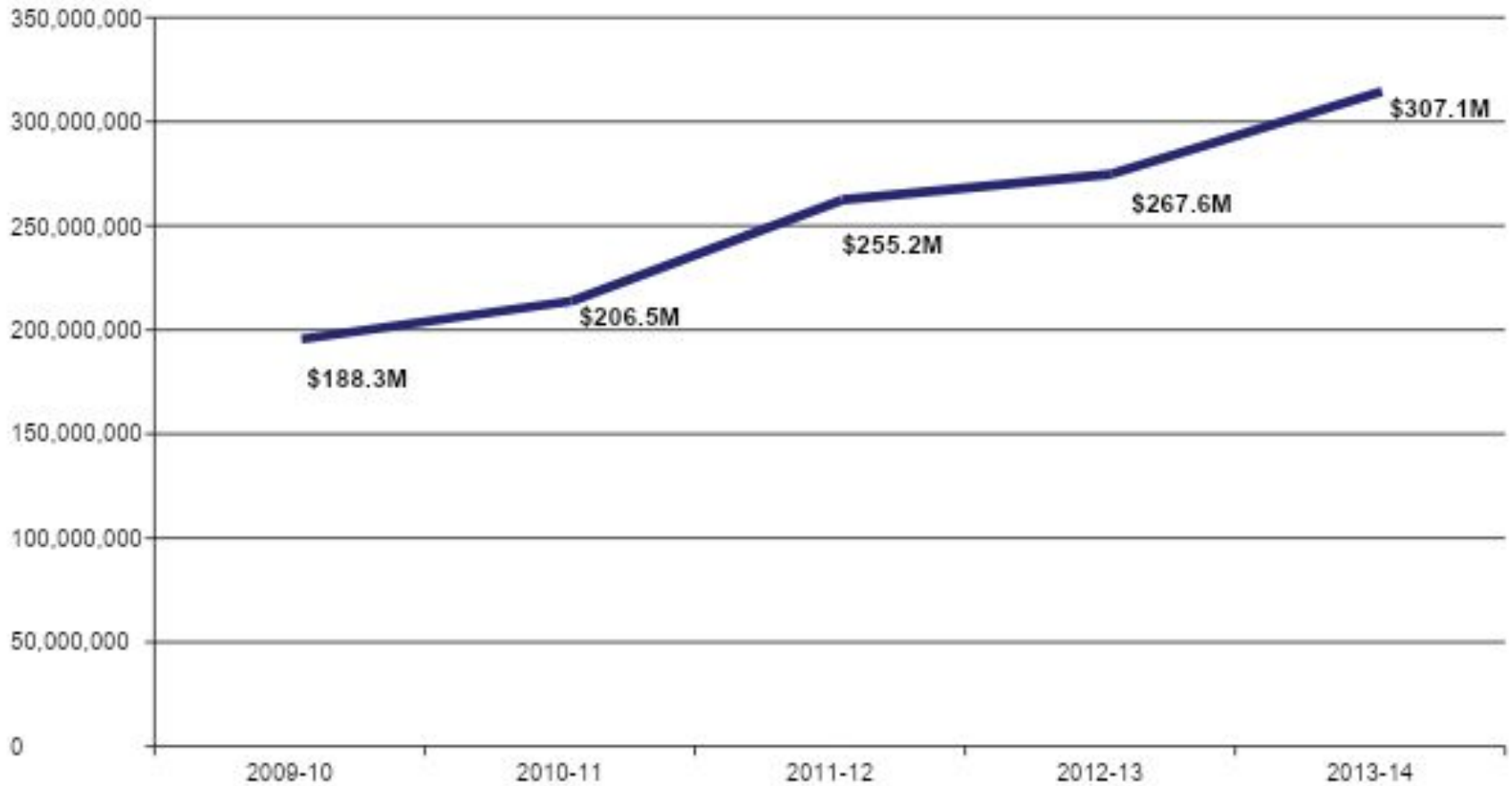


Note: For First entry programs including commerce, SAG aid is non-repayable. For Second Entry programs, SAG aid can include grants **and/or referral to banks for private line of credit.**

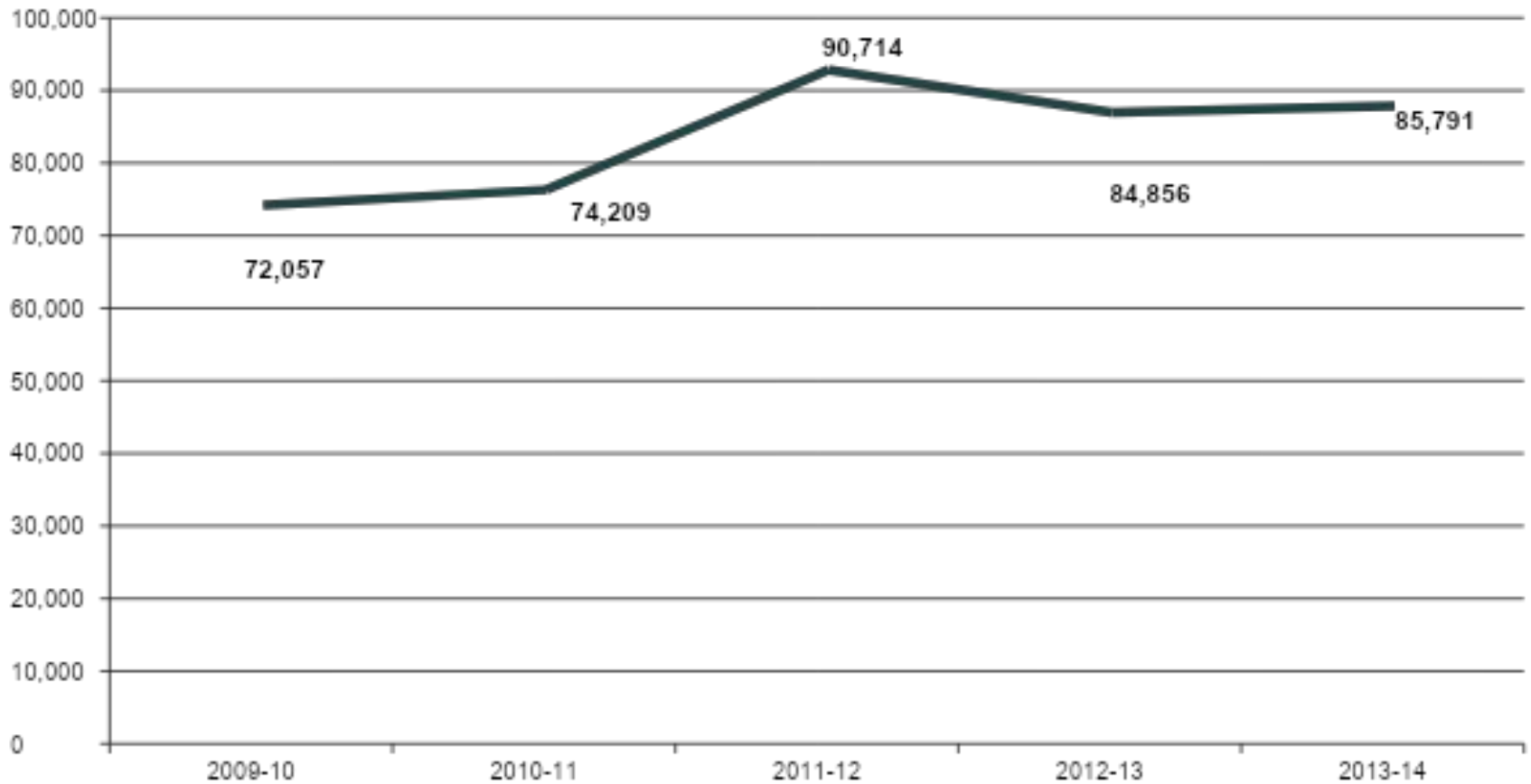
Types of Aid

- Institutional aid can be through:
 - Bursaries;
 - Need-based scholarships;
 - Work-study placements.
- For students attending professional and graduate university or high-demand post-diploma college programs (both are referred to as second-entry programs), aid can also be through student lines of credit.
- In 2014-15, on average 31 per cent of the value of second-entry tuition/book shortfalls was met with grants (the Ministry requires no less than 20% to be met with grants).

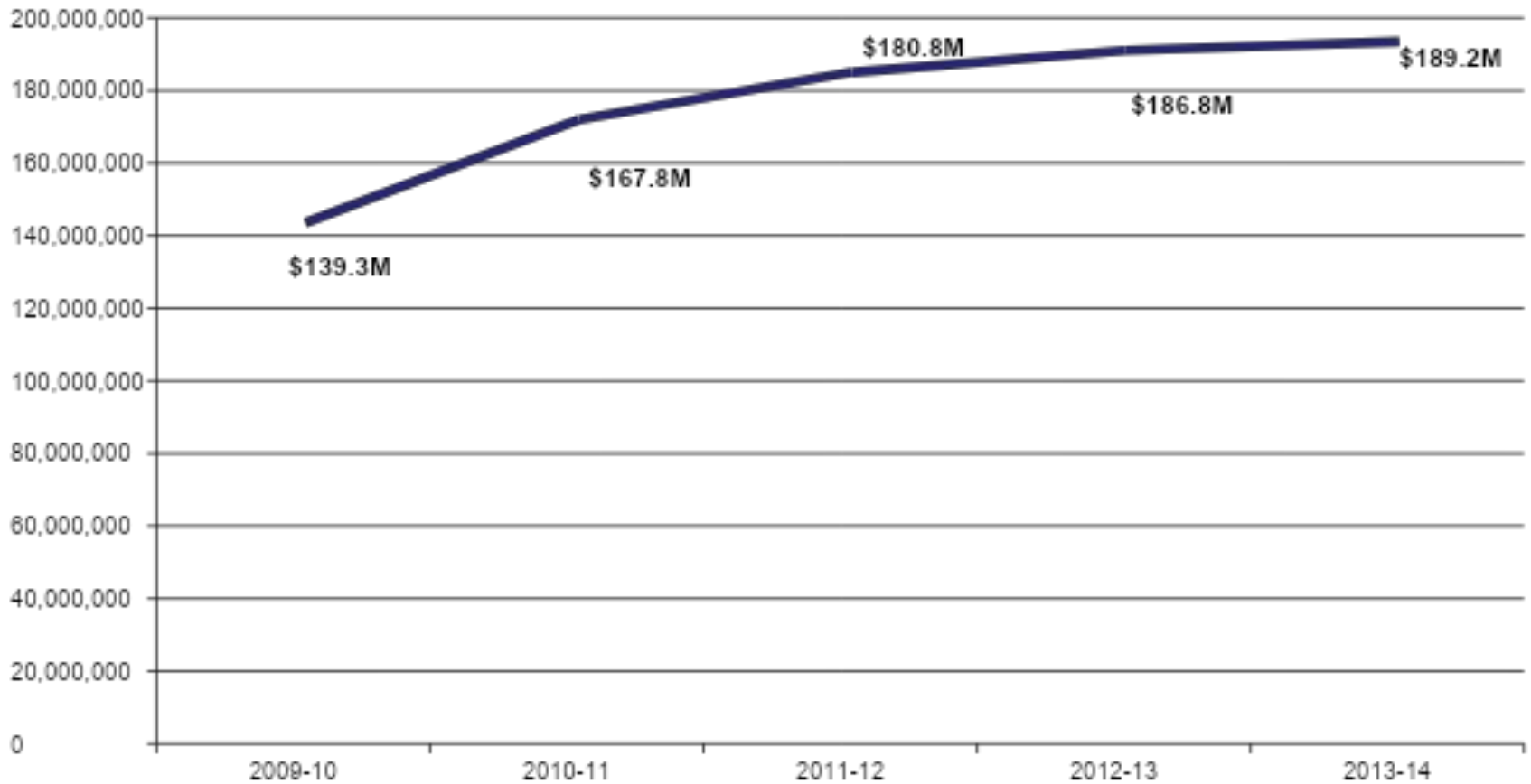
\$ Amount of Unmet Need



Number of Students with Unmet Need



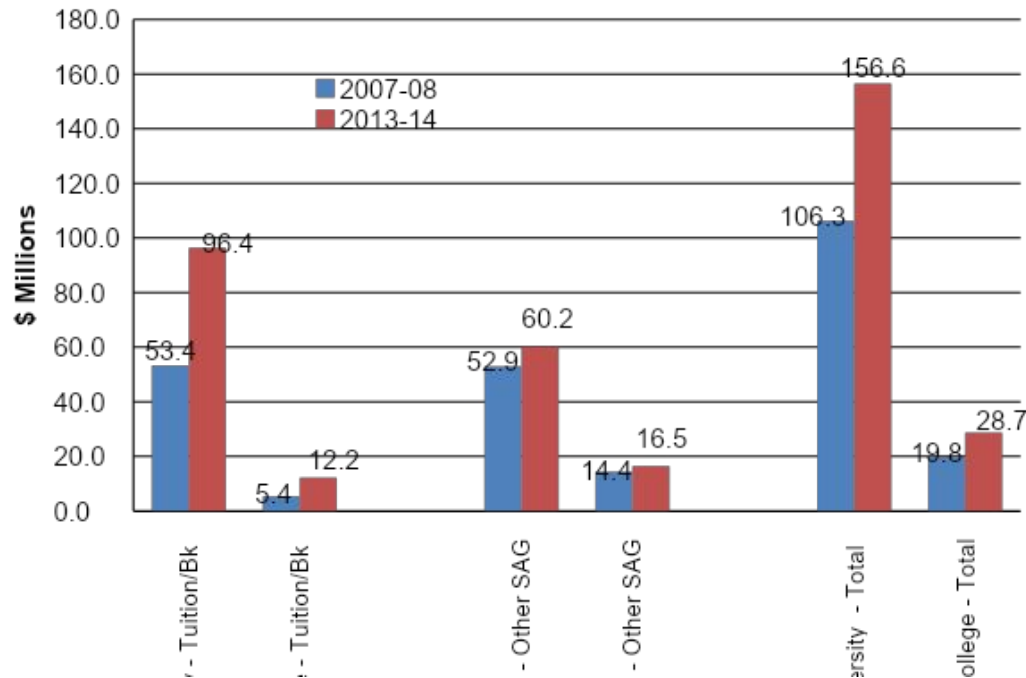
Student Access Guarantee Expenditures



Measuring Results

- Since SAG reporting started in 2007-08, institutions' annual expenditures have increased by \$59 M.

SAG Expenditures - 2007-08 to 2013-14

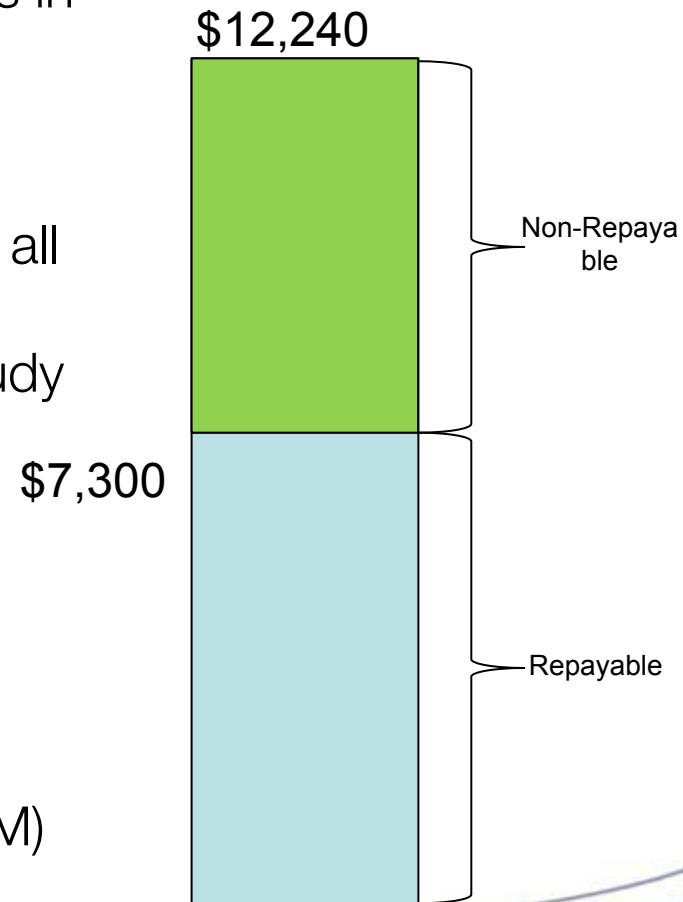


- \$50 M of this increase was to meet Ministry-identified tuition/book shortfalls.
- SAG plays a growing role supporting access to Ontario university and college programs.

Ontario Student Opportunity Grant (OSOG)

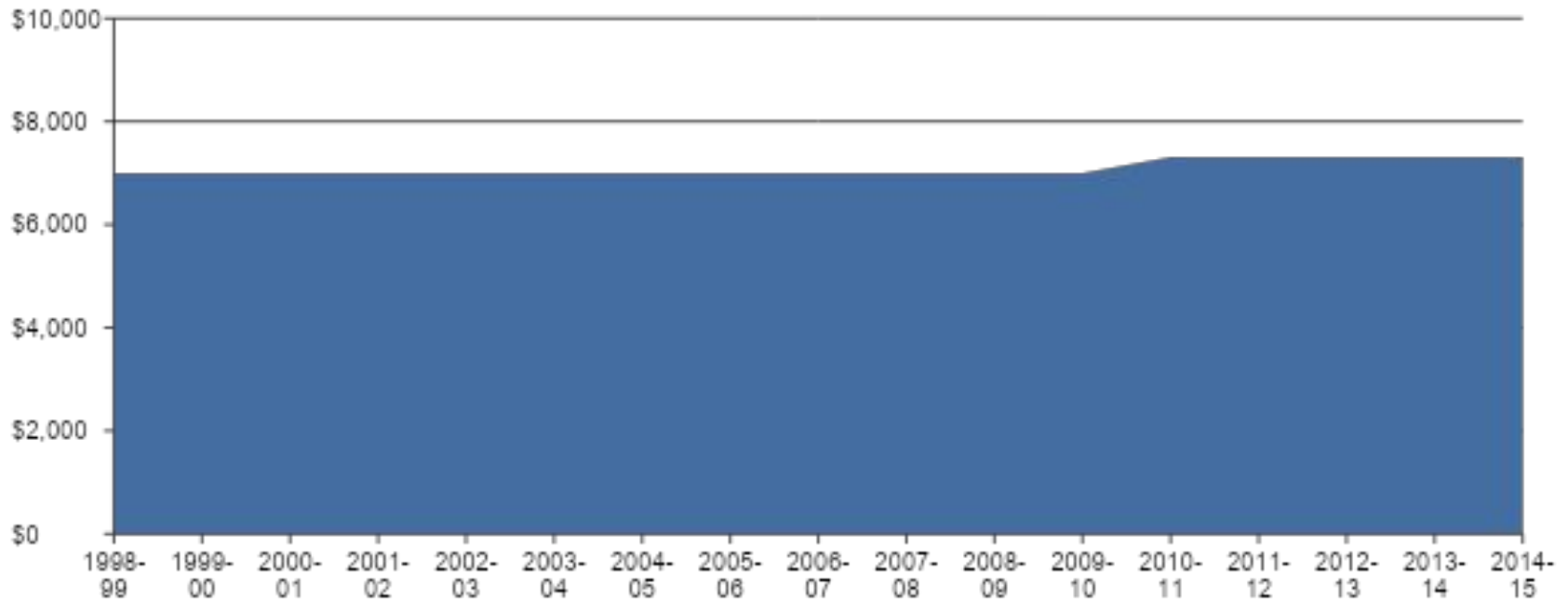
Ontario Student Opportunity Grant (OSOG)

- OSOG limits students' repayable debt to loans in excess of \$7,300 for two terms of study and \$10,950 for a three term study year.
- To qualify for OSOG, the borrower must meet all of the following:
 - Complete a two-term (21 to 40 weeks) study year or three-term study year (41 to 52 weeks).
 - File income tax returns with the Canada Revenue Agency for the respective year
- In 2013-14, the Government issued \$540.6(M) in OSOG funding.



OSOG Debt Cap – Last 16 Years (Nominal \$)

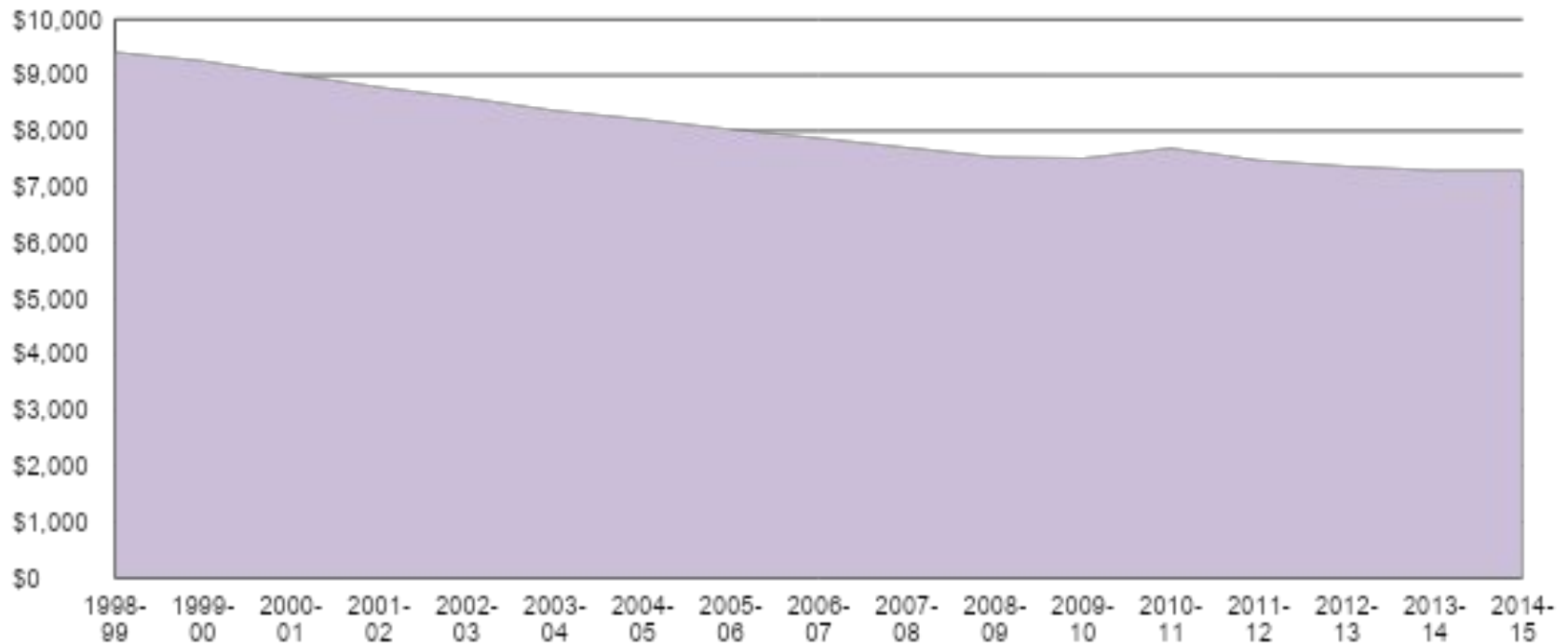
- Since the start of the OSOG program 16 years ago, the threshold above which loans are forgiven has increased once.



Notes: Two-term OSOG threshold.

OSOG Debt Cap – Constant Dollars

- In constant 2013 dollars, the maximum annual amount students have to repay now is \$2,100 lower than in 1998-99.



Notes: Two-term OSOG threshold. Adjusted to 2013 dollars using Canada all items CPI.

Average Repayable Student Loan Debt

Average Repayable Student Loan Debt – Canada and Ontario Student Loans						
Student Type:	4-yr University		2-yr College		Weighted Average (Nominal Dollars)	Weighted Average (Constant 2013 Dollars)
Graduation Year:	Average Debt (Nominal Dollars)	% change from 2000-01	Average Debt (Nominal Dollars)	% change from 2000-01		
1993-94	\$11,411		\$7,490			
1997-98	\$19,166		\$12,012			
2000-01	\$21,972	0.0%	\$12,176	0.0%	\$17,726	\$22,817
2001-02	\$21,490	-2.0%	\$11,689	-4.0%	\$17,286	\$21,705
2002-03	\$21,506	-1.9%	\$12,352	1.4%	\$17,681	\$21,712
2003-04	\$20,875	-4.8%	\$11,767	-3.4%	\$17,030	\$20,343
2004-05	\$21,084	-3.8%	\$12,098	-0.6%	\$17,357	\$20,358
2005-06	\$21,235	-3.2%	\$12,239	0.5%	\$17,552	\$20,144
2006-07	\$21,739	-0.9%	\$12,497	2.6%	\$18,405	\$20,716
2007-08	\$21,883	-0.2%	\$12,480	2.5%	\$18,319	\$20,176
2008-09	\$21,458	-2.1%	\$12,411	1.9%	\$18,047	\$19,423
2009-10	\$21,178	-3.4%	\$12,111	-0.5%	\$17,784	\$19,090
2010-11	\$21,511	-1.6%	\$12,197	0.0%	\$18,022	\$18,997
2011-12	\$21,855	-0.3%	\$12,747	4.7%	\$18,448	\$18,894
2012-13	\$22,207	1.3%	\$13,083	7.3%	\$18,775	\$18,945
2013-14	\$21,911	-0.3%	\$13,025	7.0%	\$18,489	\$18,489

Indexing OSAP

Background – Prior to 2015

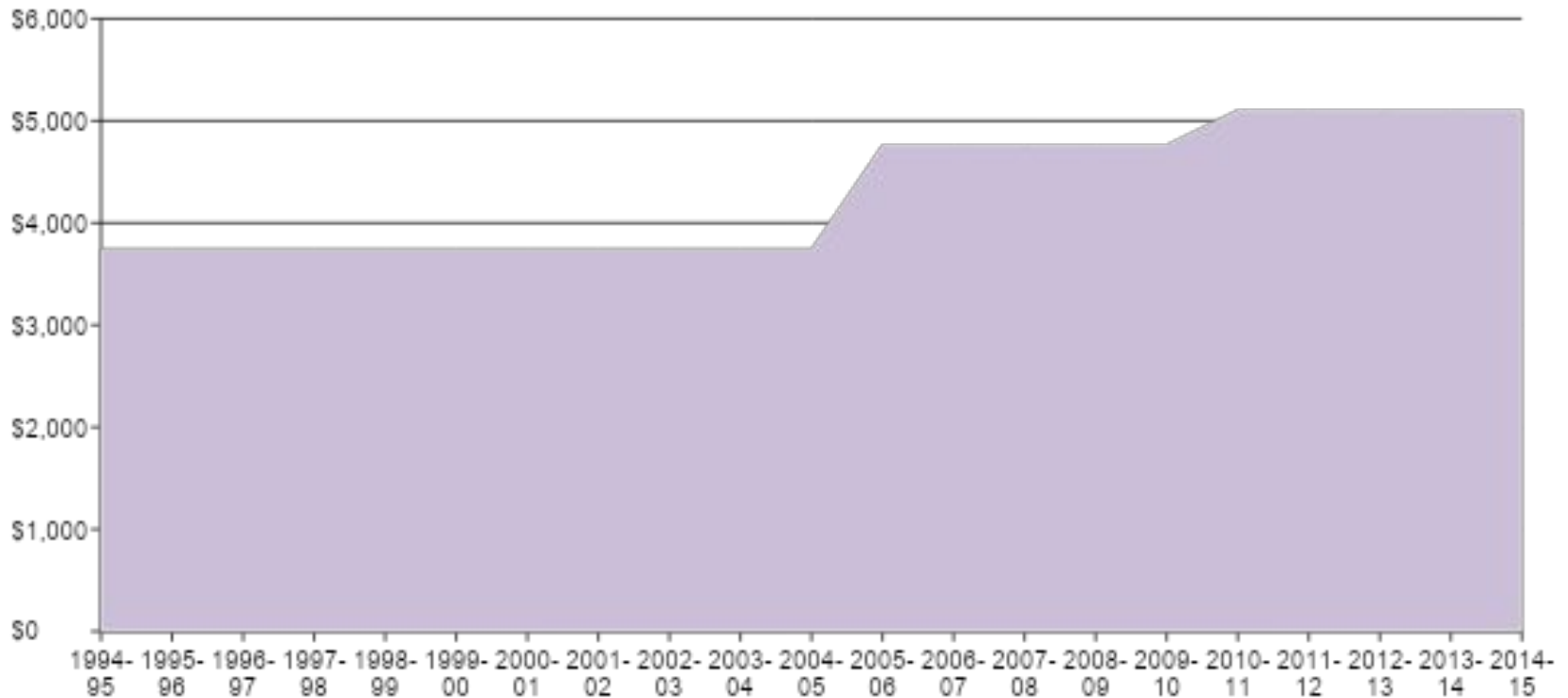
- Ontario Student Loan limits were last increased in 2010-11.
- Canada Student Loan limits last increased in 2005-06.

	Single Students	Married/Sole Support
Ontario	\$150	\$350
Canada	\$210	\$210
Combined	\$360	\$560

- There was no regular process for updating Canada or Ontario weekly loan limits.
- In the past, a change to loan limits requires regulatory changes. For Ontario, updates are costly due to impacts for Ontario Student Opportunity Grants.

Maximum Loans – Last 20 Years (Nominal \$)

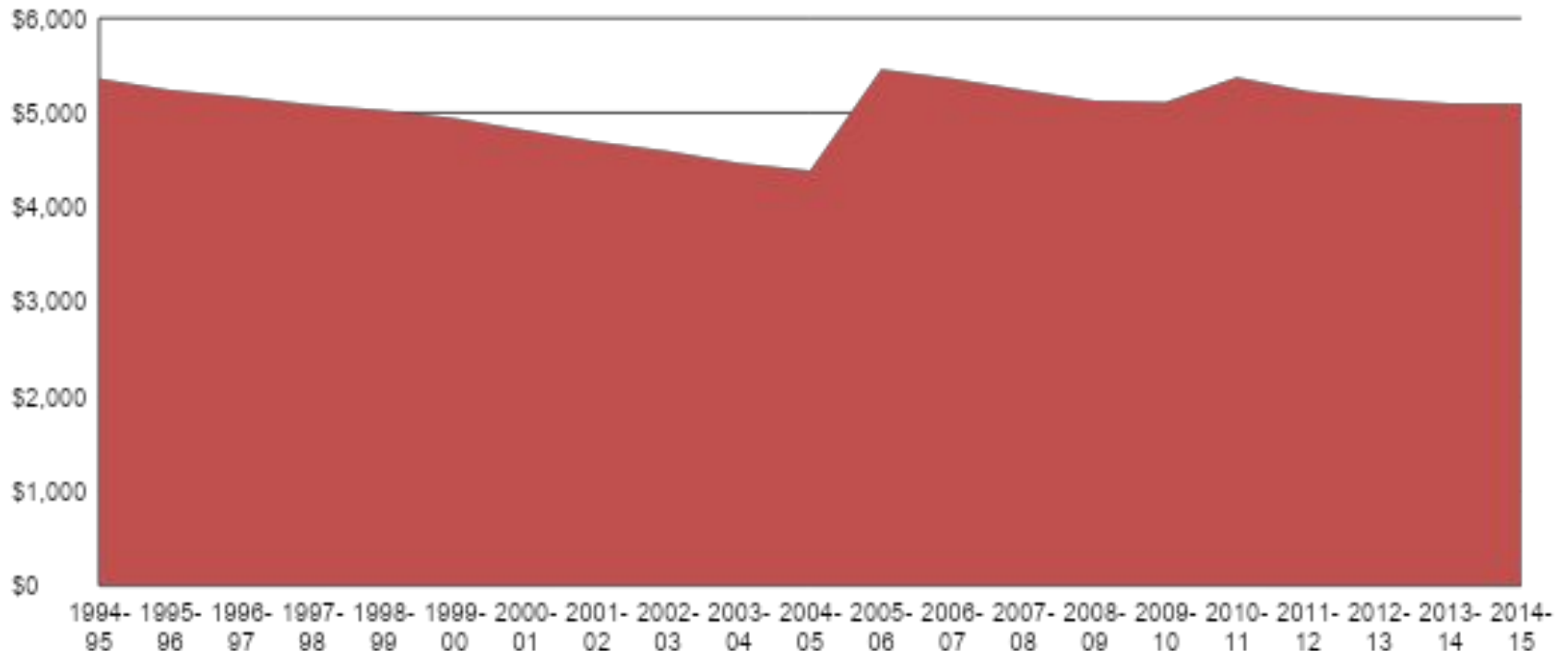
- Over the last 20 years Ontario loan maximums increased twice.



Notes: Maximum Ontario loans available, single student with 34-week study period

Maximum Loans – Constant Dollars

- In 2013 dollars, maximum loan are worth about the same now as 20 years ago.



Notes: Maximum Ontario loans available, single student with 34-week study period. Adjusted to 2013 dollars using Canada all items CPI.

Indexed OSAP Costs/Thresholds

- Most of the OSAP assessment has been indexed.

Indexed thresholds	Comments	Timing
Personal/Living allowances	CSL and OSL	since introduction
MSOL for parental contributions	CSL and OSL	since introduction
Books, supplies, equipment	OSL only	since 2006-07
OSAP Tuition and fee cap/SAG thresholds	OSL only	since 2010-11
Income-based grants - eligibility thresholds	CSG-LI, CSG-MI, OAG	since introduction
Study period exemption	OSL only	since 2010-11
OTG grant value	Ontario	since 2012-13

Measures to Keep Aid Adequate

- Indexed most OSAP cost allowances and thresholds.
- SAG offsets unmet need caused by tuition and fees above the OSAP tuition fee cap.
- 30% Off Ontario Tuition grants can exceed the maximum Ontario loan for recipients who have unmet need.
- However, much of the head-room created by 30% Off is now used up. Also, not all students qualify for the grant.
- Indexing Ontario's weekly loan limits is the next step in ensuring aid keeps pace with increasing costs.

Indexation

- Starting in the 2015-16 school year, OSL weekly loan maximum for single students will now be indexed based on previous year's CPI increase, rounded to the nearest \$5 per week.
 - The same dollar increase calculated for single students would also apply to the weekly maximum for married/sole support students.
- Currently a single student at the loan maximum (\$12,240) can have 60% of the loan forgiven (\$7,300). That 60% ratio would be maintained, rounding to the nearest \$100.

Benefits of Proposed Indexation

- Ontario is the first Province to index its loan maximums.
 - Allows OSAP aid to better keep up with growth in students' costs.
 - Improves predictability for students, reduces the risk that loans will be allowed to erode over extended periods, as happened in the past.
- Indexing the OSOG threshold would offset the cost of indexing loan maximums, making this change sustainable.
 - In inflation-adjusted dollars, students would not be asked to repay any more in future than they are expected to repay currently.
 - Since the time OSOG was launched, there has been a gradual erosion in how much students have to repay, after considering inflation – this would stop, or at least be reduced.
- Media release: December 8, 2014

OSL Rehabilitation

Ontario Loan Rehabilitation Program

- In January 2015, Ontario introduced the OSL loan rehabilitation program.
- With this new program, students who default on the Ontario portion of their student loan can now rehabilitate their loan to good standing and access repayment assistance and more student aid.
- To successfully rehabilitate a loan, applicants must:
 - Make the equivalent of the 6 rehabilitation payments by the final due date.
 - Not get behind on payments for two months in a row.
- The Province will suspend Income Tax Set-Off (ITSO) on the OSL if the borrower makes the first payment in full and on time.

Application Process

- Borrowers in default will call the Private Collection Agency (PCA) or Ontario Collections Management Unit (depending on who currently holds their loan) and indicate that they want to apply for the OSL rehabilitation program
- If the loan is currently with Collections Management Unit, the loan will be assigned to a PCA.
- The PCA will send the borrower an application form.
- Payments are the sum of: outstanding OSL interest from missed payments divided by 6 (6 months) Plus Outstanding OSL Principal amortized over 114 months (9 ½ years) at the Prime Interest Rate Plus 1%

Sample Schedule of Rehabilitation Payments

Ontario Student Loan Account		Balance
Outstanding OSL Interest – Jan. 15 2015		\$600
Outstanding OSL Principal – Jan. 15 2015		\$4,500
Rehabilitation Payments Required		\$900
	Monthly Payment	Amount/Due Date
First Payment	February 2015	\$150/March 1
Second Payment	March 2015	\$150/April 1
Third Payment	April 2015	\$150/May 1
Fourth Payment	May 2015	\$150/June 1
Fifth Payment	June 2015	\$150/July 1
Sixth Payment	July 2015	\$150/August 1

Background on Default

- Default occurs when loans have reached 9 missed payments (270 days in arrears) at NSLSC.
- In 2013-14 about \$70M OSL entered into default.
- The 2013-14 OSL defaults represent about 17,000 OSL borrowers.
- The most common pattern of default is continuous missed payments (borrowers go straight into default)
- Most defaulters have never applied for repayment assistance.

QUESTIONS....