

Strengthening Student Support in Ontario

March 29, 2010

Ontario offers one of the most generous student financial assistance programs in Canada. Over the past five years, the government has invested \$1.5 billion in financial support for students.

Today, the government is moving forward with a plan to expand student aid even further and to modernize the Ontario Student Assistance Program (OSAP) so that it meets the needs of today's students.

The improvements include:

More assistance for books, supplies and equipment

Starting this year, the government will increase the book, supply and equipment allowance annually for inflation to ensure that it reflects the real costs faced by students and their families.

Doubling of the student income exemption

Students will be able to keep more of the income they earn while in school without it affecting their OSAP funding. Currently, students can earn up to \$50 per week during their studies before their OSAP funding starts to be reduced. To help students keep more of their income while in school, the government is doubling the income exemption to just over \$100 per week. The exemption will increase annually to keep pace with inflation.

No interest period

The government will pay the interest charges during the first six months after graduation, in addition to the six months of no payments currently offered. This makes the Ontario portion of all OSAP loans interest free and payment free for the first six months for all graduates.

New graduate scholarships

The government will award an additional 1,000 students with an Ontario Graduate Scholarship starting next year. This will increase the number of Ontario graduates receiving the award from 2,000 to 3,000 students.

Increased student loan maximums

Students will have access to more financial support for their education. The government is boosting weekly loan maximums to \$150 per week for single students, bringing the combined federal-provincial loan maximum for a standard two-term academic year to \$12,240. The weekly loan limit for married students and students with children is increasing to \$350 per week, or \$19,040 in combined federal-provincial funding for a two-term academic year.

More help for married students and students with children

To help married students, the government is reducing the share of income that students' spouses are required to contribute to their partners' education by 10 per cent. For married students and students with dependent children, the government will also double the OSAP vehicle exemption so that vehicles worth up to \$10,000 will not affect the student's OSAP assessment.

Introduction of a new, part-time grant

The government will provide a new \$500 grant to part-time students receiving a Canada Part-Time Student Loan, but who do not qualify for the Canada Student Grant for Part-time Studies.

More flexible, income-sensitive repayment assistance

The government is joining the federal Repayment Assistance Program to provide students with more help in repaying their Ontario student loan. Under the program, no graduate will be asked to pay more than 20 per cent of their family income towards their loans. After 15 years, any remaining student loan debt is forgiven.

Tuition framework

The government is extending the current tuition framework for two years. Under this framework, colleges and universities are limited to raising tuition a maximum average of five per cent a year.

Also included in this framework is the Student Access Guarantee (SAG). The SAG ensures that students in financial need have financial aid to cover the cost of their tuition, books and mandatory fees.

Red tape

Colleges and universities must deliver the SAG funding automatically without an additional application.

OSAP Enhancements – How Students Benefit

Dependent Student Working Part-Time, Middle-Income Family

- First –year dependent student attending a university Arts and Science program.
- Living away from home
- Continues to work 10 hours per week at a part-time job
- Parents' income is \$70,000/year
- Receives an additional \$1,587 OSAP aid as a result of the changes to OSAP's study period income exemption and other OSAP enhancements.

Married Student Going Back to University

- Married student with no children
- Goes back to university in an Arts and Science program
- Spouse's income is \$30,000 per year
- Owns a car, which spouse uses for daily commute to job
- Receives an additional \$6,829 OSAP aid due to the increased vehicle exemption and the 10 per cent reduction in the spousal income contribution.

Dependent Student Working Part-Time, Low-Income Family

- Second-year engineering student in university
- Living at home with a younger sibling
- Works part-time as a research assistant during the school year
- Parents' income is \$30,000 per year
- Receives an additional \$1,237 OSAP aid from changes to OSAP's study period income exemption and other OSAP enhancements.

Independent College Student Working Part-Time

- Second-year journalism student at college in the final year of the program
- Living away from home
- Works part-time during the school year
- Receives a net \$1,163 OSAP aid from the changes to OSAP's study period income exemption and other enhancements
- Benefits from government paying interest on student's loan for the first six months after graduation
- Benefits from the new Repayment Assistance Plan during repayment if difficulty making student loan payments.