

## **Modernizing the Ontario Student Assistance Program**

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Ontario is committed to making postsecondary education accessible. That's why Ontario offers one of the most generous and progressive student financial aid programs in Canada, with around \$1.3 billion provided to students each year -- 70 per cent of which does not have to be repaid.

The government is modernizing the Ontario Student Assistance Program (OSAP) to help increase transparency and predictability. These improvements include:

### ***Giving students control over how much of their loan they actually use***

OSAP distributes both loans and non-repayable grants and bursaries. Previously, OSAP applicants were always issued the full amount of the loans and grants they qualified for. If a student wished to keep his or her debt down and did not want to take the full amount, their only option was to immediately repay the portion they did not wish to take - a practice that was administratively cumbersome.

Beginning this school year, students will have the option to decline loan assistance while still getting the grant support they qualify for. Starting next year, students will be able to decide exactly how much of the loan amount they wish to take out.

### ***Simplifying student contribution amounts and exempting assets***

The purpose of OSAP is to provide needs-based assistance that helps qualified students and their families with the costs of postsecondary studies. Paying for postsecondary studies is a shared responsibility, and students are expected to make a financial contribution. Previously, OSAP made a complicated determination about how much each student was expected to contribute from earnings, based on factors such as length of pre-study period, student type, marital status and dependents, and actual and anticipated earnings.

There will now be fixed contributions of \$3,000 from students. Students can come up with this amount from their summer earnings, assets, or from a part-time job during school.

Setting a fixed contribution makes it easy for students to know what is expected of them and to plan ahead for how much they have to contribute to their postsecondary studies. It also means students who have a part-time job while in school will not end up having their OSAP support reduced when they earn more money.

As part of moving to fixed student contributions, Ontario will exempt the first \$3,000 in a student's assets from its aid assessment. This allows students to come up with their fixed contribution by drawing on savings. Assets include money in bank accounts, tax-free savings accounts, bonds, stocks, term deposits, mutual funds and Guaranteed Investment Certificates.

### ***Ending the requirement to report a vehicle as an asset***

Previously, for single students, the total value of all vehicles owned by the student above \$5,000 was considered a resource. For married students and sole support parents, the total value of vehicles above \$10,000 was considered a resource.

Ontario will fully exempt vehicles as an asset in the OSAP assessment process. This means a student will no longer receive less funding from OSAP because they own a vehicle. Over 7,300 students per year will receive more financial aid as a result of this change.

### ***Indexing the weekly Ontario student loan limits to inflation***

For the 2015-16 school year, the Ontario student loan limit will increase to \$155 per week for single students and \$355 per week for students who are married or have dependent children.

On August 1st of every year starting in 2016, the maximum weekly loan limit will be adjusted by the annual change in the Ontario Consumer Price Index as of July 31, rounded to the nearest multiple of \$5.

Indexing OSAP helps to make sure aid amounts keep up with growth in student costs.

### ***Launching a loan rehabilitation program***

In January 2015, the government launched the [Ontario Student Loan Rehabilitation Program](#). The program allows borrowers who defaulted on the Ontario portion of their student loan to bring their loan back into good standing. Together with having the Canada portion of their student loan in good standing, they can apply for future OSAP funding and the [Repayment Assistance Plan](#).

### ***Indexing the debt cap***

Ontario caps student debt through the Ontario Student Opportunity Grant. Starting this school year, the grant threshold above which student loans are forgiven will also be indexed to annual inflation.

This means that in 2015-16, no matter how much a student borrows, Ontario limits the amount of OSAP debt a student will be required to repay to \$7,400 for a two-term academic year and \$11,100 for a three-term academic year.

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