

cost of education

the problem

Alongside tuition, students face a variety of additional challenges in financing their education. Ancillary fees, books, supplies, residence charges/rent, food and other living expenses all push up the cost of education. In turn, this cost can prevent many students from pursuing post secondary education. If a student comes from a lower income background, the cost of living may prove to be an even greater barrier to access. This issue is exacerbated by current inadequacies in the financial aid system in Ontario, and may have significant impacts on both student debt and overall accessibility of the system.

Beyond the specifics of tuition fees, there are at least two major concerns with the cost of education in Ontario. They are as follows:

A. GAP BETWEEN ACTUAL & ASSESSED COST OF EDUCATION

There is currently a significant gap between the actual and assessed costs of education for students living in Ontario. Currently, OSAP estimates the cost of education for an at-home student at \$9 761 and \$14 568 for a student living away. In contrast, the Canada Millennium Scholarship Foundation assesses the total annual expenditure for dependent students at home to be approximately \$10,900 and dependent students living away from home to be approximately \$17, 400. Based on OSAP's assessment, factored together with expected summer earnings and rigid parental support requirements, OSAP awards a *maximum* aid package of \$8 800 to students living at home, and \$11 900 for students living in residence or in off-campus housing. Even with allowable earnings, these amounts are insufficient in meeting student need in Ontario.

B. PROPORTIONAL INCREASE IN TOTAL COST OF EDUCATION

Throughout the 1990's in Ontario, there has been a tremendous proportional increase in the total cost of education for both low and middle income families.

The shifting burden of cost from the government to students has been felt most severely by low-income families. This could only eat away at family necessities such as food or rent, or prevent potential students from low-income backgrounds from considering higher education as a viable option. For example, the low-income cut-off before taxes, in 2008, for a four person family living in a city sized 100,000 to 499,999 was approximately \$35 403.¹ Based purely on the cost of tuition (\$5381 in 2007-08), the tuition cost of a university education is approximately 15% of a low income family's total resources for a year (and this is before taxes). If total cost of attending university --\$17 400-- is calculated, this consumes approximately 49% of a low-income family's annual income.

Clearly, low-income families face extreme difficulty in allowing children to access post-secondary education. However, the limitations are not simply relegated to low-income families. New research shows that the "middle-income crunch" has resulted in increasing numbers of middle-income families being unable to access post-secondary education. This new phenomenon has been outlined by a great deal of new research. In this scenario, middle income families makes slightly over the amount that qualifies them for student financial assistance but do not earn enough to solely finance the cost of their student's education. As the proportional

¹ Number adjusted from 2005 (year of most recent data available) for inflation. Generates average 2008 number.

increase of education rises for the average middle income family, the cost of attending university becomes consistently more expensive.

the result

There are many potential impacts of increased and higher proportional costs of education.

Higher costs have translated into greater debt for Ontario's students. The average debt for an undergraduate student in Ontario with a loan was \$22 589 in 2006. This has increased from \$10 800 in 1990 and \$14 504 in 1998.

Unfortunately, as debt and costs have gone up, student aid has not kept pace. The gap between the actual and assessed cost through Ontario's financial aid system has caused more students than ever before to utilize campus food banks and private forms of financial assistance.

Moreover, these higher costs only compound existing barriers to access for historically disadvantaged groups. Participation rates for low-income groups have increased from the late seventies into the late nineties, but the percentage difference in participation between the highest and lowest income quartiles has remained the same at 20 per cent.

Even middle income students have begun to feel the crunch. According to research performed by Statistics Canada, the university participation rate for students from middle income families decreased during the mid-nineties until the final year of reported data.

Given the complexity of the issue, it is difficult to create a direct causal link between participation for certain groups and total cost. However, it is well known that cost is the major factor in access and attainment. 29 per cent of students who left school without completing their degree did so because of the cost of their schooling.