



Tuition and Student Aid – FAQs

April 2010

Accessibility:

Question: How do tuition increases affect the ability of students from low-income households to attend U of T?

Answer: This is something we monitor carefully. In 2008-09, 57% of direct-entry undergraduate students receiving OSAP at U of T reported parental income of less than \$50,000. This compares to the Ontario system-wide average of 45%. The university's policy that "no student offered admission to a program at the University of Toronto should be unable to enter or complete the program due to lack of financial means" helps ensure that students from low-income households are able to attend U of T.

Question: Does increased student aid really help students from middle-income households, or do they get squeezed out of university?

Answer: Increased student aid helps students who would not otherwise have the financial means to attend university – including students from what are considered middle-income households. In 2006-07, OSAP raised the parental income ceiling from \$35,595 to approximately \$75,000, which increased the number of students eligible for loans and grants. The recent Ontario budget announced that the threshold will be indexed by 4.5% compounding over the next two years; this helps to ensure the middle-income students' needs continue to be addressed.

In addition, U of T's policy that "no student offered admission to a program at the University of Toronto should be unable to enter or complete the program due to lack of financial means" ensures accessibility for all students.

Question: How are we balancing tuition increases with student financial aid?

Answer: Over the last sixteen years, the university's need-based aid has increased thirty-fold: from \$1.5 million in 1992-93 to \$54 million in 2008-09. Graduate student funding in 2008-09 totalled \$195 million, and international students were eligible for \$4 million in need- and merit-based grants.

Compared to other Ontario universities, the University of Toronto contributes about twice the proportion of its operating budget towards student financial aid.

Question: Doesn't higher tuition contribute to large post-graduation debt loads for students? Does the prospect of large loans to repay deter some students from coming to university?

Answer: One way to answer this question is to look at students' loan activity. In 2008-09 (the most recent year for which statistics are available),

- 54% of students in first-entry programs at U of T graduated with no OSAP debt.
- For those with OSAP debt, the average debt load was \$19,400,
- Approximately 87% of OSAP recipients graduated with debt levels under \$25,000.

Default rates on OSAP loans are another indicator of the degree to which debt loads affect students and recent graduates. In the last few years, U of T graduates' default rates were less than the aggregated default rate for all Ontario universities.

In the past, the University had conducted a survey of students in a broader range of programs on the broader question of debt from other sources, but discontinued the practice because self-reported responses could not be verified and were not necessarily reliable. For the future, the University is committed to considering measuring and analyzing levels of OSAP and non-OSAP indebtedness as well as levels of student employment for students across all programs. In addition, we will also refine the OSAP debtload data and chart to present a clearer picture of student debt.

Question: Toronto is an expensive city for students: is the high cost of living plus increased tuition deterring students from choosing U of T?

Answer: We have no way of knowing if prospective students are declining to *apply* to U of T due to the cost of living and the cost of education. But we can look at yield rates (student registrations as a percentage of admission offers) to determine whether students applying to and accepted at U of T are declining to come here (for financial or other reasons). If increasing numbers of students accepted at U of T were deciding not to register, we'd see declining yield rates. But this is not the case: since 2001-02, the University has maintained favourable yield rates in all program areas.

Quality of education:

Question: Why has there been no impact on the student: faculty ratio at U of T even with increases in tuition?

Answer:

Tuition is just one source of revenue for the University. Government funding is based on enrolment: for each student, the government allots a certain amount of money to the university. The per-student funding has not increased, and relative to inflation has declined significantly. Overall University funding remains too low.

Despite this, the University has made substantial efforts to enhance small group experiences for students – through, for example, small seminars, First Year Learning Communities (FLCs), Vic One, Pathways and Trinity One (college-based small group learning programs), and research opportunities for upper year undergraduate students.

Question: Are students (particularly graduate students) having to delay graduation or drop out of school mid-degree to raise more money for school?

Answer: There is no evidence that this is the case. Both graduate and undergraduate students' graduation rates at U of T are higher than those of our Canadian peers.

U of T's policy that "no student offered admission to a program at the University of Toronto should be unable to enter or complete the program due to lack of financial means" helps ensure that students do not have to withdraw mid-program for financial reasons. In addition to this policy, the University provides a funding commitment for doctoral students.

The recent Ontario budget announced 1000 new graduate scholarships. It is estimated this will provide an additional source of graduate student funding to UofT of approximately \$2.5M

Question: Don't increased fees just offset reductions in government funding?

Answer: It's true that tuition accounts for an increasing share of operating revenues, while government funding has declined. The university continues to work with all levels of government to improve the post-secondary funding situation.

Quality of experience:

Question: Part of the appeal of U of T is its diversity: with rising tuition fees, won't we lose some of that diversity, as lower-income households choose other schools?

Answer: There is no evidence that tuition increases affect the diversity of the student population. Students from diverse economic backgrounds attend U of T (see Accessibility questions, above).

Question: By raising tuition, are we creating, in effect, a two-tier U of T education – one for those who can immerse themselves in their studies and co-curricular activities, and one for those who have to carve out more and more hours for paying work?

Answer: Students take on paying work during their post-secondary years for a variety of reasons – to gain experience, for additional funds to help meet educational expenses or to increase disposable income, to assist their families, or simply because they enjoy the work. Data from a 2004 study showed that between 1965 and 2002, students have earned approximately 36% of their total income, but there's been a shift from summer employment to employment during the school year.

Impact on international students:

Question: International students pay much higher tuition, so increases hit them even harder: do we risk losing some of our best international students when we raise tuition?

Answer: No. Although international students pay higher tuition rates than domestic students do (to account for the fact that government funding does not cover international students), U of T's international tuition fees are comparable to Canadian peer institutions and lower than tuition fees charged to international students at American peer institutions. At the doctoral level, international students are covered by the University's funding commitment. International enrolment at UofT remains strong both in terms of numbers and quality.

Impact of foregoing the tuition increase:

Question: How much revenue would be lost if the tuition increases weren't improved? What impact would this loss of revenue have on students?

Answer: The tuition fee increases represent \$28.4 million in revenue in 2010-11.

We estimate that foregoing the tuition increase would mean further reducing overall spending by 2.27%. The loss in revenue would affect many areas of the student experience at U of T, including the availability of classes, library resources, implementation of a new student system and funding for constructing and maintaining buildings.

Comparators:

Question: How does tuition at U of T compare to tuition at peer universities?

Answer: Compared to the G13, 2009-10 tuition for U of T domestic students in Arts and Science is sixth highest.

Compared to the G13, 2009-10 tuition for U of T international students in Arts and Science is higher than other G13 universities but lower than the AAU mean.

The basic principle of the tuition policy is that public funding should be supplemented as can be demonstrated to be necessary to offer students an educational experience of a quality that ranks with that of the finest public research universities in the world.”

Other sources of funding/savings:

Question: How is the University containing costs – especially costs not directly related to student education?

Answer: All central services are undertaking a 2% cost containment measures in the 2010-11 fiscal year. Last year they undertook a 3% reduction. Academic divisions apply varying levels of cost containment measures depending on their individual circumstances. Academic divisions are delaying capital and other projects, delaying hiring, looking externally to leverage and expand cost-sharing partnerships, reviewing departmental and program structures and using one-time-only carryforward funds and expendable funds where possible.

Question: Couldn't the University's endowment be used to cover some or all of the tuition increase?

Answer: Unfortunately, it can't replace the tuition increase. But the income from the endowment (projected to be \$42M in 2010-11, or about 3% of operating revenues) is largely targeted to support student aid and endowed faculty positions, which directly affect both accessibility and quality of education.

The endowment is held in trust for future generations – the University is constrained by the donor agreements and its endowment policy from spending the principal, and it must also ensure that the value of the principal increases over time so that the annual payout keeps up with inflation.

Question: What part of overall funding for the university comes from tuition? How has it changed over the last ten years?

Answer: In 2009-10, tuition will account for 39% of the University's operating revenues. Government operating funding covers the same % of operating revenues.

Twelve years ago, tuition accounted for 29% of operating revenues. Government funding accounted for 49% of operating revenues.

Process for setting tuition fees:

Question: What are the university's policies on tuition?

Answer: The University's Tuition Fee Policy, approved in 1998, is available at <http://www.utoronto.ca/govcncl/pap/policies/tuitfee.html>. The University has made a strong commitment to accessibility as reflected in the Policy on Student Financial Support, which states "No student offered admission to a program at the University of Toronto should be unable to enter or complete the program due to a lack of financial means": for more information on this policy, please see <http://www.utoronto.ca/govcncl/pap/policies/stufinan.html>.

Question: What role does government play in determining tuition levels?

Answer: On March 25, 2010 the Government of Ontario announced an extension of the current Tuition Framework. The government will continue to regulate tuition fees for domestic students and allow defined increases (subject to colleges and universities meeting accessibility requirements).

Under the Framework, tuition fees for domestic students entering Arts and Science and selected other undergraduate programs may increase by a maximum of 4.5 percent. Tuition fees for entering students in graduate and high-cost professional programs may be increased by a maximum of 8%. Increases in tuition fees for continuing students in any program must not exceed 4%. Overall, the average increase in tuition for an institution must not be more than 5%.

Advocacy as an alternative to tuition increases:

Question: How does our government funding compare to the funding of universities in other jurisdictions?

Answer: Funding for Ontario universities continues to be lower than in many other provinces. Using publicly available data and comparing UofT to other G13 universities as a proxy, it is estimated that government operating grants would be almost double if UofT were funded in the Alberta system.

Question: Why doesn't the university advocate for greater government funding, instead of making students bear the brunt of inadequate government support?

Answer: The University is always in discussion with both the federal and provincial governments to address funding shortfalls, and always looking at new ways to contain costs, increase revenues, and continue to offer students a world-class education.

Question: How does the recent Ontario budget impact students' access to universities?

Answer: The March 2010 Ontario budget includes several positive announcements for students, including:

- Full funding of all undergraduate spaces in Ontario with additional funding to create new spaces
- 1000 new Ontario Graduate Scholarships
- Extension of the Student Access Guarantee (SAG)
- Requirement for all universities and colleges to automatically deliver the Sag funding to students in first-entry programs eligible for assistance, without an additional application. This is something that UofT has already been doing for many years.
- The threshold on tuition and ancillary fees used for the tuition/book shortfall calculation for OSAP will be increased by 4.5% (compounding) in each of the next two years, including co-op program thresholds
- The threshold for book, equipment and supply costs will be indexed to CPI
- The 6-month grace period before repayment of an OSAP student loan will be interest free
- A new \$500 grant for part-time students receiving a Canada Part-Time Student Loan, but who do not qualify for the Canada Student Grant for Part-Time Studies.

Sources:

- Report of the Vice Provost Students: Annual Report on Student Financial Support (University of Toronto: January 2010).
- Office of Planning and Budget.
- Performance Indicators for Governance (University of Toronto: January 2010).