

OSAP Under Scrutiny: Separating Bad Actors from a Vital Sector

Regulatory Spotlight: Ontario

- **What happened.** On October 6, Colleges and Universities Minister Nolan Quinn paused all OSAP payments to private career college students while it completes an integrity review of applications across the private sector. The matter has been referred to the Ontario Provincial Police and the Auditor General has been notified.
 - Preliminary findings cite common ownership among certain institutions, co-location with immigration services firms, inadequate student and enrolment validation, and other consistent issues
 - No date has been set for payments to resume. The province is exploring low-interest third-party bank loans as a bridge, and plans to explore fall legislation to again make online-only career college programs ineligible for OSAP
- **The problem is concentrated, not systemic.** Seven career colleges received ~\$385 million in provincial OSAP grants in 2024-25, as much as students at all of Ontario's publicly funded colleges combined.
 - Grants to career college students jumped from \$554M to \$994M in one year, ~95% of the \$465M total increase in OSAP grants, with average awards above \$15,000 versus \$5,500–\$7,000 at public institutions
 - Career Colleges Ontario's analysis found 10 schools with application growth averaging 855% over two years (one went from 107 applications to 2,992) while most schools were flat year over year or showed more normal growth
- **The sector itself sounded the alarm.** Career Colleges Ontario (CCO) began flagging “indicators consistent with suspicious activity” to the ministry in January 2023, met with officials four times that year, and in 2024 asked that its concerns be referred to law enforcement.
 - Inspection reports filed in court allege third parties completed coursework at some schools offering asynchronous online programs. The schools deny most of the allegations, which have not been proven in court
- **A funding model already reset.** Since August 1, 2026, career college students receive no provincial OSAP grants (100% loans), and Ottawa has limited full-time Canada Student Grants to public and not-for-profit institutions for programs of two years or more. The grant incentive behind the 2024-25 surge has largely been removed already.

\$385M

2024-25 provincial OSAP grants to students at just seven career colleges

95%

Share of 2024-25 OSAP grant growth captured by career college students

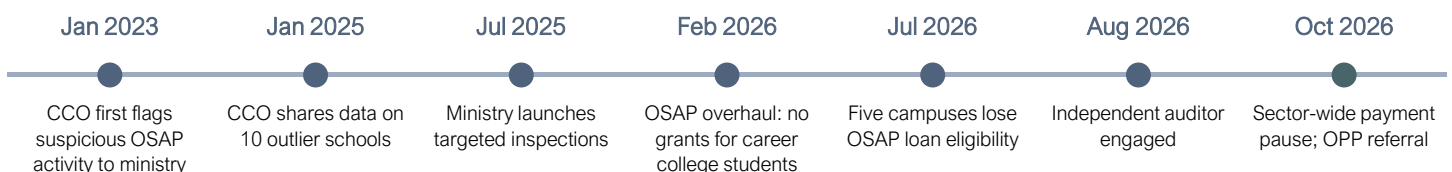
855%

Avg. two-year application growth at 10 outlier schools flagged by CCO

3+ yrs

Since the industry association first warned the ministry (Jan. 2023)

How We Got Here



A concentrated integrity problem driven by a small handful of bad actors, flagged early by the industry itself, now carries a sector-wide penalty

Sources: Minister Nolan Quinn statement (Oct. 6, 2026), as reported by The Canadian Press, CP24, Global News and Your Thunder Bay; The Canadian Press, “Most OSAP growth came from career college students” (Jun. 5, 2026), “\$385M in OSAP grants sent to students at 7 career colleges” (Aug. 27, 2026) and “Ontario was warned of suspicious OSAP activity” (Aug. 28, 2026); CP24 (Jul. 16, 2026); CTV News (Oct. 2, 2026); Government of Ontario OSAP changes (Feb. 12, 2026); ESDC, Budget 2025 Canada Student Grant eligibility note.

What It Means for Students, Colleges and Employers

Industry Spotlight: Stakeholder Impact

Our view: The province is right to pursue fraud aggressively, and reputable operators have the most to lose if it goes unchecked. But a blanket payment pause, six weeks into the academic year and with no restart date, treats a concentrated problem as a systemic one. The evidence points to a small cluster of institutions, largely in asynchronous online delivery, and the sector's own association raised the flag first. The priority now should be speed and precision: restore funding quickly to institutions in good standing while enforcement against bad actors runs its course.

"Students across the sector who have done nothing wrong are now being impacted as a result."

— Career Colleges Ontario

"There will be some colleges that are not going to be able to survive through this."

— Nolan Quinn, Minister of Colleges and Universities

Students

- A mid-semester funding gap with no restart date. "It's extremely stressful... I wouldn't really know what I'm going to do," one dental hygiene student told Global News
- Mature, working and lower-income learners, who rely most on OSAP, face the highest risk of withdrawing
- Interim bank loans could help, but terms and timing have not been announced

Reputable Career Colleges

- Working-capital strain as OSAP-funded tuition is deferred; many will need bridge plans to retain students
- Reputational spillover. Even reputable schools offering courses in highly sought after fields have been shut out by the regulators and face uncertainty in the interim
- A chance to stand out on in-person delivery, attendance tracking, accreditation and outcomes

Employers

- A core pipeline for PSWs, ECEs, dental, pharmacy and trades roles has now been placed in limbo; CCO reports 50,000+ graduates a year
- Ontario needs at least 50,000 more PSWs by 2032 (HEQCO). A prolonged pause risks thinner cohorts in fields facing the most acute shortages
- Tuition sponsorship and earn-while-you-learn partnerships can protect hiring pipelines

Government & Regulators

- Pair enforcement with a published timeline for reinstating compliant institutions
- Favour risk-based tools (identity and enrolment verification, attendance standards for online delivery) over sector-wide suspension
- Treat CCO as a partner. Its early-warning data proved accurate. Ensure reputable schools aren't lumped in with bad actors

Investors & Owners

- Expect near-term distress and consolidation among sub-scale, OSAP-concentrated and online-only operators
- Focus on optimizing delivery models, enrolment verification and regulatory relations
- Reputable scaled platforms, particularly those with strong curricula, should stand to benefit long-term from an improved landscape and potential M&A opportunities

What to Watch

- Auditors final findings and the timing of OSAP payment resumption
- Fall legislation on OSAP eligibility for online-only programs
- OPP and Auditor General outcomes, and pending court challenges by affected schools
- Terms of any interim third-party student loan program

Targeted enforcement, not a blanket freeze is what's required: the reputable majority of career colleges is part of the answer to Ontario's skills gap

Sources: Global News, "Ontario asks OPP to look into OSAP payments at private career colleges" (Oct. 6, 2026); Career Colleges Ontario, "Results for Ontario"; HEQCO, "Personal Support Worker Education in Ontario" (2026); The Canadian Press (Oct. 6, 2026).

For more information, contact Origin's Education Coverage Team: Shaun Quennell, Managing Director | shaun.quennell@originmerchant.com