



canadian association of student financial aid administrators

association canadienne des responsables de l'aide financière aux étudiants

2019 Federal Budget: Measures in support of post-secondary students and the Canada Student Loan Program

The 2019 Federal Budget was tabled in the House of Commons on March 19, 2019. Two days later, CASFAA's Board of Directors met in Ottawa and were joined by the Canada Student Loans Program leadership for a review of the measures impacting CSLP. The National Advisory Group on Student Financial Assistance (NAGSFA) convened by conference call on March 28th to provide a similar overview and table questions from all stakeholder groups.

Here are the highlights specifically relating to the Canada Student Loans Program:

1. Lower Interest Rates on Canada Student Loans

Lowering the floating interest rate to prime (from prime plus 2.5 percentage points), and lowering the fixed interest rate to prime plus 2 percentage points (from prime plus 5 percentage points), starting 2019/20.

2. New Interest-Free Grace Period

Student loans will no longer accumulate any interest during the six-month non-repayment period after the borrower leaves school.

3. Making Canada Student Loans more accessible to students with disabilities

Increasing the cap of Canada Student Grant for Services and Equipment to \$20,000 per year (from \$8,000) starting 2019/20. Expanding eligibility for Severe Permanent Disability Benefit so that more student borrowers can qualify for loan forgiveness. Easing the restriction for borrowers using the Repayment Assistance Plan for Borrowers with a Permanent Disability so they can receive further loans and grants even after being away from studies for 5 years.

4. Improve loan rehabilitation

Increasing eligibility for loan rehabilitation after a borrower defaults on their student loan so that financially vulnerable borrowers in default can access supports such as the Repayment Assistance Plan and begin making affordable payments on their outstanding debt.

5. Interest-free and payment-free leaves

Implementing interest-free and payment-free leave in 6-month stackable periods for a maximum of 18 months, for borrowers taking temporary leave from their studies for medical or parental reasons.

There are other components linked to post-secondary student funding, most notably paid parental leave for student researchers, more research scholarships via the federal granting councils, and a significant

investment for Indigenous post-secondary education leveraging existing strategies such as the Post-Secondary Student Support Program (PSSSP) and Indspire bursaries and scholarships.

Find the complete Federal Budget document at <https://budget.gc.ca/2019/docs/plan/budget-2019-en.pdf>.

CASFAA's response

The Canadian Association of Student Financial Aid Administrators applauds the measures affecting post-secondary students and the modernization of the Canada Student Loan Program within the Federal 2019 budget. It continues the Liberal government's forward-thinking approach to the Canada Student Loan Program, which ensures access to post-secondary education across diverse and vulnerable student profiles. As the cost of education continues to increase across Canada students are graduating with record levels of debt. The Budget makes loans more affordable, and recognizes the realities of repayment with higher living costs, the changing nature of post-graduation employment and life circumstances.

The Budget reflects several of CASFAA's policy positions. The interest-free grace period has been a long-standing policy proposal. This provision existed in the Canada Student Financial Assistance Act until it was terminated in 1993/94. With rising debt levels and a challenging job market, CASFAA has strongly advocated for students to receive adequate time to establish stability in earnings during career infancy before beginning the regime of student loan payment. This was CASFAA's #1 recommendation in the pre-Budget consultation, both written proposal and one-minute oral presentation to the Finance Committee in hearings across 3 provinces.

At NAGSFA's last gathering in November 2018, co-chair and CASFAA President Stephanie Williams recommended an afternoon dedicated to students with disabilities. It was a robust discussion, to which CASFAA representatives came prepared to identify all the negative biases and unintended consequences currently embedded in the Canada Student Loans Program. Many stakeholders and policy officials aligned with CASFAA's stance. The Budget contains many of the resulting conclusions... proof that organized and focused discourse can render results!

CASFAA will continue advocacy efforts to close the gap between student need and the availability of government student financial assistance, to address the complex nature of student aid delivery which places undue risk on loan recipients, and for the infusion of financial literacy to ensure student success in navigating debt. CASFAA will also strongly support access for particularly under-represented and vulnerable populations. The 2019 Federal Budget continues to move in the right direction, but there is much more to do in order to strengthen all elements of Canada's contributory model of student support.