



# Canadian Association of Student Financial Aid Administrators (CASFAA) Policy Positions for 2023/24

As we enter into a new economic reality following the challenges over the last two years of the COVID-19 pandemic, CASFAA welcomes the opportunity to re-visit our policy positions to ensure we continue to make education accessible and affordable for students. New challenges will present themselves and in order to adapt we will need to explore all possibilities of how we can help to mitigate rising costs, and negate the impacts of a recession by at least maintaining levels of spending on education. Moving forward substantial challenges remain for post-secondary education students who rely on student financial assistance to access and persist in their studies:

1. The continued **gap between student need and the availability of government student assistance**, which is commonly referred to as 'unmet need', especially for under-represented groups. The pandemic has demonstrated that financial disparities make a significant impact on students' access and retention.
2. The **complex nature of the current student aid delivery infrastructure**, which places undue risk on loan recipients.
3. Inconsistent access to **financial literacy education** that may hinder academic, career pursuits and repayment.

CASFAA believes that the following recommendations will improve student success, access and experience with the Canada Student Financial Assistance (CSFA) Program, ensuring that Canadians have the opportunity for national prosperity by completing post-secondary education. The summary below is followed by detailed explanations.

## **Recommendations for Student Success:**

- CSFA Program permanently implements the increase of Federal loans and grants to students to help counter inflationary living and education costs.
- Encompass digital equity by separating the computer allowance and maintaining the current amount allocated for books, and provide additional, dedicated funding for this purpose.
- Implement mandatory entrance counseling for students who acquire loans through the CSFA Program before their first disbursement.

## **Recommendations for Student Accessibility:**

- Exempt institutional merit-based scholarships and need-based bursaries from the Canada Student Financial Assistance assessment.
- Review policies to ensure experiential learning opportunities are available to those who rely on the CSFA program.
- CFSA Program undertake a holistic review of the Part-Time program in order to increase accessibility and support lifelong learning/ career development for students who have entered the workforce.
- Develop a Canada student grant program for Indigenous Students within the CSFA Program.
- Establish harmonious residency requirements across the country, as well as create a direct pathway for student to apply to CSFA Program directly for federal funding when their residency is in dispute, to ensure their rights as a Canadian are not infringed upon.

## **Recommendations for Enhancing the Student Experience**

- Ensure CASFAA's continued involvement in the implementation, maintenance, and evolution of the NSLSC portal.

# Student Success

## The affordability of education

The Federal government demonstrated that during times of immense financial pressures, they can implement impactful changes. The adjustments made to the CSFA Program to help alleviate financial barriers placed on students and their families during the pandemic helped to ensure students could continue to access education. These pressures continue to present themselves as Canadian students feel the continued increase in the cost of living. Over the past year the Consumer Price Index (CPI) was 6.8%, this is the change in prices faced by a Canadian consumer. As the cost of living has risen, the loan and grants thresholds have remained relatively constant and in order to ensure affordability to an education the Federal needs to consider a long-term solution by permanently increasing loan and grant maximums.

As modes of delivery change and become more accessible to students in all locations this places more emphasis on the need for digital equity in the CSFA program. Many students need to purchase computers, wifi, software, online books- costs which are not adequately covered under current CSFA policy.

### **Recommendation**

CSFA Program permanently implements the increase of Federal loans and grants to students to help counter inflationary living and education costs.

Encompass digital equity by separating the computer allowance and maintaining the current amount allocated for books, and provide additional, dedicated funding for this purpose.

## Embedding Financial Literacy

CASFAA continues to support the National Strategy for Financial Literacy. The release of the [2021 to 2026 Strategic Plan: Leadership and innovation in financial consumer protection](#) and the consultations that occurred to inform it will ensure that a more accessible, inclusive and effective support system is in place to help Canadians achieve financial resilience

It is also critical for all Canada Student Financial Assistance Program student-facing processes to integrate financial literacy guidance throughout the loan life cycle. Complexity of the student loan ecosystem in Canada, given the varying federal and provincial components, puts borrowers at risk without clearly outlined considerations. All too often, we encounter students with significant regrets relating to their loans. They misunderstand the impact of becoming ineligible for loans mid-degree, which could lead to “technical” default or obliged repayment. They consolidate their government loans with other forms of consumer debt, and lose all the protections and benefits linked to student loans, such as continuation of interest-free status while in full-time study and access to repayment assistance programs (RAP).

Lack of information to make sound financial decisions impacts student retention and credit rating. It also impedes a graduate’s ability to reach their full potential as a consumer and contributing member of the Canadian economy. Financial literacy efforts directed at PSE-aged youth by the Financial Consumer Agency of Canada, as well as local efforts at educational institutions, will never have sufficient impact without being a mandatory measure within the student loan life cycle. With formal, yet consumable guidance, students can be more secure in the knowledge that student loans need not be an investment they come to regret. Borrower regret impedes financial stability for both individuals and the economy.

As the system that is used by the National Student Loan Service Centre (NSLSC) continues to develop, CASFAA urges the implementation of mandatory online Entrance and Exit Counselling to be seamlessly embedded within the loan disbursement and repayment interactions. Financial Aid Officers across the country were surveyed in December 2019. An overwhelming 93% felt that counselling activities would benefit CSFAP borrowers.

As the Federal government continues to work through and implement parts of the Spring 2020 “Report of the Auditor General of Canada to the Parliament of Canada on Student Financial Assistance”, a lack of financial education tools for students to assist students in understanding their financial obligations under the Canada Student Financial Assistance Program still does not exist. CASFAA does recognize the response of CSFA to provide financial literacy into the National Student Loans Service Centre portal, but specific tools are not available.

### **Recommendation**

All first-time borrowers of Canada Student Loans, and borrowers with new loans after a prolonged period of non-borrowing must complete loan entrance counselling before their first loan disbursement. This ensures students have a good understanding of borrower responsibilities as well as the loan terms and conditions.

All borrowers of Canada Student Loans must complete loan exit counseling during their final semester or if they withdraw from school. This ensures a solid understanding of prepayment and repayment options, grace periods, repayment assistance programs, etc. An explanation of contacting loan service providers and the consequences of default are also imperative.

## **Student Accessibility**

### Institutional Needs-Based Awards

Educational Institutions often participate in helping students address financial need (after considering maximum government aid and other resources) in the form of merit-based scholarships and need-based bursaries. The implementation of the fixed student contribution need assessment addressed parental contribution and student contribution by implementing a cap on the contribution amount. Student part time earnings during the study period are no longer assessed against the student but are recognized as a supplement to CSFA Program funding. While these changes were a positive impact for students CSFA considers all merit and need-based awards over and above \$1,800.00 as student resources. This creates a disincentive for schools to invest more in financial assistance, as exceeding this threshold means their funds may replace rather than supplement government aid.

Changing the role of institutional aid to an additive resource would support students by increasing accessibility

### **Recommendation**

CASFAA urges the government to exempt institutional merit-based scholarships and need-based bursaries from the Canada Student Financial Assistance Program assessment so that students can be supported through educational institutions’ own supplemental access programs.

### Experiential Learning Opportunities Outside the Classroom

High quality mobility and work experiences contribute to successful student transition to the workforce. Educational Institutions are striving to expand opportunities for students to participate in these enriched educational opportunities. Federal announcements regarding student work experience, in particular co-ops, have increased opportunities for students to gain valuable experience. Current CSFA policies on experiential learning prevent many students from accessing funds while participating in these opportunities and/or prevent entire programs from being eligible for student loan funding. Examples include students not being eligible for government funding during unpaid/ underpaid internship; students who can't afford to forego part-time or summer job, thus preventing them from participating in out-of-classroom experiences.

**Recommendation**

Review policies to ensure experiential learning opportunities are available to those who rely on the CSFAP program.

## Part-time Students and Programs

Many students pursue post-secondary study along a spectrum of full and part-time studies. Depending on circumstances (work, personal, etc.), students can also fluctuate between both statuses during an academic year and or degree, diploma, or certificate program

In addition, PSE delivery has changed over the years in an attempt to accommodate new student demographics (e.g. mature learners) and create more flexibility in student access. Non-traditional academic program delivery has rendered some students unable to access aid funding. Scenarios include part-time only programs as well as some programs structured whereby certain semesters are not considered a full-time course load, as well as Micro-credentials. Research undertaken by SRDC on behalf of the BC and Ontario government in the report “Assessing Impact of Student Financial Assistance Eligibility on Targeted Part time Programs at Public PSEs” (2017) supports the need for policy change.

**Recommendation**

CFSA Program undertake a holistic review of the Part-Time program in order to increase accessibility and support lifelong learning/ career development for students who have entered the workforce.

## Indigenous Student Financial Assistance

CASFAA recognizes that First Nations and Inuit students are supported through Indigenous Services, Canada's Post-secondary Student Support Program (PSSSP). However, there is ample literature and evidence of waitlists which indicate that PSSSP does not provide eligible students with equitable access to PSE funding. The Assembly of First Nations has determined the Program outcomes do not “adequately support access, retention and successful completion.” At their recently held annual meeting, it was concluded that funding rates need to provide enough resources to fund all categories of expenditures: tuition, living allowance, books, and travel.

The CSFA Program is an option to supplement PSSSP funding but has too few measures which specifically encourage Indigenous learners. CASFAA acknowledges the recent improvements to the CSFA Program, with the introduction of Fixed Student Contribution exempting Indigenous learners and their band funding, as a good first step. Yet concerns related to successful completion of PSE and, later, employment are seen as deterrents to obtaining a student loan (EKOS Research Associates Inc 2005b). Barriers such as unfamiliarity with or distrust of student loan systems also affect the ability to obtain government financial assistance.

Providing educational support via non-repayable Canada Student Grants would appropriately supplement PSSSP band funding based on financial need, and enable Indigenous learners to succeed with their chosen PSE program. These grants should consider the unique costs facing Indigenous learners, such as remoteness of their community and its distance from location of studies, as well as the need to travel home frequently linked to dependent care. Higher attainment rates and sustainable employment is more easily achieved with multiple additive funding options that are responsive to the distinct characteristics of Indigenous learners.

Supporting the Truth and Reconciliation Commission of Canada: Calls to Action (specifically numbers 7, 10i, and 10ii) there needs to be a commitment to raising the educational attainment rates of First Nations, Inuit and Métis people to national averages. For Canada, the Indigenous population represents a growing segment of the country's labour force and a key part of its future social development and economic prosperity.

#### **Recommendation**

Develop a Canada Student Grant Program tailored to Indigenous students, with unique expenses, such as relocation and community visits, included in the cost of attendance for need assessment. This Grant will help to provide additional non-repayable financial support to address access, retention and successful completion of Indigenous students in post-secondary studies and reduce the educational gaps between Indigenous and non-Indigenous Canadians.

## Enhancing the student experience

### Residency Requirement

Global movement of students and immigration has resulted in some students facing challenges in establishing provincial residency for student aid funding, particularly newcomers to Canada and Canadians who have never lived in Canada. These students can face long delays while a decision is being made between jurisdictions, sometimes not being resolved. Residency requirement policy and interpretation vary across jurisdictions. This lack of consistency results in students being left in a funding limbo.

#### **Recommendation**

Establish harmonious residency requirements across the country, as well as create a direct pathway for student to apply to CSFA Program directly for federal funding when their residency is in dispute, to ensure their rights as a Canadian are not infringed upon.

### Student Loan Portal

Over the past decade, the Canada Student Financial Assistance program and provincial loan programs have undergone major policy shifts, resulting in many students holding multiple types of loans with different lenders. In addition to loans from the previous guaranteed and risk-shared programs held at one or more banking institutions, students may also have direct loans and harmonized loans at the National Student Loans Service Centre, and provincial loans with various direct lenders or banking institutions.

This complex history of loans is often very confusing, and students and financial aid staff at post-secondary institutions have difficulty accessing information about total debt load with each lender, especially when students transfer between educational institutions and provincial/ territorial residency.

Students with multiple types of loans often go into technical default with one or more lenders when these lenders have not been informed about their full-time student status, resulting in unnecessary interest charges and endangering future funding.

CASFAA is grateful for the advisory opportunity provided by CSFA Program and Finastra in the development of the new NSLSC portal.

**Recommendation**

Ensure CASFAA's continued involvement in the implementation, maintenance and evolution of the NSLSC portal.

On behalf of the CASFAA Board and our members representing PSE institutions from every region across the country, we thank you in advance for your consideration.

Respectfully submitted,



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