

Policy Position Brief

Key highlights for Legislative and Executive government branches



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2020-2021

Canadian Association of Student Financial Aid Administrators (CASFAA) Policy Positions for 2020/21

CASFAA applauds the Federal initiatives implemented in spring 2020 to address the economic difficulties imposed on students due to the COVID 19 Pandemic. Loss of summer employment reduced part-time employment coupled with increased costs of post-secondary education have affected students from all backgrounds and levels of schooling. As some post-secondary institutions transition to online learning new challenges have arisen. Moving forward. Substantial challenges remain for post-secondary education students who rely on student financial assistance to access and persist in their studies:

CASFAA believes that the following recommendations will improve student success, access and experience of the Canada Student Loan Program, ensuring that all Canadians have the option of contributing to national prosperity by completing post-secondary education.

The summary below is followed by more detailed explanations.

Recommendation 1	Retain the COVID measures implemented in program year 2020/21 through program year 2021/22
Recommendation 2	Increase the CSLP computer allowance and remove it from the book and supply maximum in the need assessment
Recommendation 3	Implement mandatory entrance counseling for students who acquire loans through CSLP before their first disbursement
Recommendation 4	Exempt institutional merit-based scholarships and need-based bursaries from the Canada Student Loan Program assessment
Recommendation 5	CSLP undertake a holistic review of the Part-Time program

Impact of COVID 19 pandemic

In March 2020 the Federal government introduced changes to the CSLP program in recognition of the challenges placed on students and their families. The elimination of student and spousal contributions has assisted families who have found themselves struggling financially due to the impact of COVID 19. The doubling of Federal grants as well as the weekly increase of CSL funding from \$210/wk to \$350/wk assisted students who were unable to gain or continue employment.

The pandemic also impacted student's mode of post-secondary delivery from in person to online. Many students needed to purchase computers, wifi, software, online books- costs which are not adequately covered under current CSLP policy.

Recommendation

CSLP retain the COVID measures implemented in program year 2020/21 through program year 2021/22.

Increase the annual computer allowance and assess it as its own unique item in the need assessment instead of including the amount in the book and supply limit.

Embedding Financial Literacy

CASFAA is a proud supporter of the great progress achieved since the appointment of Canada's Financial Literacy Leader and the work of the National Steering Committee. The national strategy for financial literacy is inclusive and relevant to all Canadians. We are very pleased with the thought, effort, research and expertise exhibited in the National Strategy for Financial Literacy – *Count me in, Canada* found at the following site: <http://www.fcac-acfc.gc.ca>. CASFAA's cross-country testing of *Your Financial Toolkit* rendered recommendations to make content more relevant for PSE-aged youth. As a result, the FCAC published separate Trainer Materials specifically for this audience in 2018.

It is also critical for all Canada Student Loan 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.

With the system transformation currently underway by the National Student Loan Service Centre (NSLSC), 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 CSLP borrowers.

The Spring 2020 "Report of the Auditor General of Canada to the Parliament of Canada on Student Financial Assistance" identified a lack of financial education tools for students to assist students in understanding their financial obligations under the Canada Student Loans Program.

Recommendation

All interactions between student borrowers and the National Student Loan Service Centre should be reviewed for financial literacy opportunities. Especially critical is the implementation of mandatory entrance and exit counselling for student who acquire loans through the CSLP as follows:

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.

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 CSLP funding. While these changes were a positive impact for students CSLP 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.

Recommendation

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

Part-time Students and Programs

The student pathway through post-secondary continues to evolve. Many student no longer study a path of full-time or part-time instead choosing weaving between the two.

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 delivery has rendered some students unable to access loan funding. Scenarios include part-time only programs as well as some programs structured whereby certain semesters are not considered a full-time course load. 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

CASFAA encourages CSLP to undertake a holistic review of the Part-time program including funding model and limits as well as program eligibility.

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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