

Canadian Association of Student Financial Aid Administrators (CASFAA) Policy Positions for 2021/22

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 Financial Assistance (CSFA) 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 moving forward until such time that the economic situation improves for students inclusive of living and education costs
Recommendation 2	Change the CSFA Program assessment of education costs by separating the computer allowance, maintaining the current amount allowed for books, and provide additional, dedicated funding for computer and related equipment costs
Recommendation 3	Implement mandatory entrance counseling for students who acquire loans through the CSFA Program before their first disbursement
Recommendation 4	Exempt institutional merit-based scholarships and need-based bursaries from the CSFA Program assessment
Recommendation 5	CSFA Program undertake a holistic review of the Part-Time program in order to increase accessibility and support lifelong learning/ career development of students who have entered the workforce
Recommendation 6	Expand targeted supports to students whose disabilities are prolonged or persistent

Impact of COVID 19 pandemic

In March 2020 the Federal government introduced changes to the CSFA Program in recognition of the challenges placed on students and their families. The elimination of student and spousal contributions assisted families who found themselves struggling financially due to the impact of COVID 19. The doubling of Federal grants as well as the suspension of interest accrual 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 CSFA policy.

Recommendation

CSFA Program retain the COVID measures implemented in program year 2020/21 until such time that the economic situation improves for students inclusive of living and education costs.

Separate the computer allowance and maintain 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. Recent findings from consultations on the renewal of the National Strategy for Financial Literacy identified the need to create a more accessible, inclusive and effective support system to help Canadians achieve financial resilience [What we heard: Shaping a new national strategy for financial literacy - Canada.ca](#)

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.

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 CSFAP 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 Financial Assistance 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 CSFA Program 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 CSFA Program funding. While these changes were a positive impact for students CSFAP 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 CSFA Program assessment so that students can be supported through educational institutions' own supplemental access programs.

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.

Expanded Access to the Canada Student Financial Assistance Program for Students with Disabilities

Budget 2019 introduced a number of measures making Canada Student Loans more accessible to students with permanent disabilities. Increasing the cap of the Canada Student Grant for Services and Equipment to \$20,000 per year was the first increase in more than a decade. Budget 2019 also addressed student loan debt for students with permanent disabilities by expanding the eligibility for the Severe Permanent Disability Benefit so that more student borrowers can qualify for loan forgiveness. Restrictions for borrowers using the Repayment Assistance Plan for Borrowers with Permanent Disabilities were also addressed therefore allowing borrowers to receive further loans and grants.

A number of additional changes were introduced for program year 2021/22 including: extended COVID related flexibilities for documentation submission, updated eligible purchases under the CSG-PDSE and the increased reimbursement for students with learning disabilities.

Budget 2021 announced the expansion of the definition of disability for student loan borrowers. Current CSFA policy requires a student to have a permanent disability in order to access resources and supports through the CSFA program. These supports include grants, equipment, accommodations, etc. Expanding the definition of disability from permanent to persistent or prolonged would enable students with more episodic conditions and mental health challenges to access supports during PSE.

Recommendation

CASFAA supports the work of CSFA to expand targeted supports to students whose disabilities are prolonged or persistent.

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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