



CASFAA  
ACRAFE

Canadian Association of Student Financial Aid  
Administrators

Association Canadienne des responsables de l'aide  
financière aux étudiants

# Policy Position Brief

## Key highlights for Legislative and Executive government branches



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# Canadian Association of Student Financial Aid Administrators (CASFAA) Policy Positions for 2022/23

As we enter into a new economic reality after the challenges imposed over the last two years of the COVID-19 pandemic, CASFAA welcomes the opportunity to review and update our policy positions to ensure that education remains accessible and affordable for students. New challenges continually emerge and in order to adapt, we will need to explore various options that will help mitigate rising costs and negate the impacts of a recession. At the very least, current levels of investments in education should be maintained. Moving forward, substantial challenges remain for post-secondary education students who rely on student financial assistance to access and persevere 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.

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| Recommendation 1 | CSFA Program permanently implement the doubling of the Federal grants to students to help counter inflationary living and education costs.  |
| Recommendation 2 | Encompass digital equity by separating the computer allowance and maintaining the current amount allocated for books, and provide additional, dedicated funding for this purpose.                 |
| Recommendation 3 | Implement mandatory entrance and exit 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 |

## Impact of COVID 19 pandemic

In March 2020 the Federal government implemented changes to the CSFA Program to help alleviate financial barriers placed on students and their families. In 2021 the Federal government recognized the need to continue some measures of support, and specifically kept the doubling of Federal grants until July 2023, and the suspension of interest accrual until March 2023. These measures have helped

students ensure that they are able to continue to access an affordable education without having to worry about their debt load.

Throughout the pandemic the mode of delivery also impacted how students learned and placed more emphasis on the need for digital equity in the CSFA program. Many students needed to purchase computers, internet connections, software, online books, costs which are not adequately covered under current CSFA policy.

#### Recommendation

CSFA Program permanently implement the doubling of the Federal 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 as they cannot easily assess the impacts of their choices. All too often, we encounter students with significant regrets related 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.

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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. In response CSFA has been able to review opportunities and implement financial literacy into the National Student Loans Service Centre portal.

#### 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.

## 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 Canada Student Financial Assistance 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

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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

CFSFA 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.

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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