

Policy Positions

A complete compendium for members,
partners, and policy makers

2017-2018



Prepared by:

Stephanie Williams, CASFAA President

Cara Piperni, CASFAA Past-President

Canadian Association of Student Financial Aid Administrators (CASFAA) Policy Positions for 2017/18

CASFAA applauds the 2016 Federal Budget for the impactful measures to the Canada Student Loan Program including the introduction of the Canada Student Grant for Full-time students and relief in loan repayment. While we gratefully acknowledge that some of our long-standing policy positions were reflected in the 2016 Budget, 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.
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 and career pursuits.

CASFAA believes that the following recommendations will improve student success, access and experience of the Canada Student Loan Program, ensuring that Canadians have the option of contributing to national prosperity by completing post-secondary education. The summary below is followed by more detailed explanations.

Recommendations for Student Success:

- Increase the student loan lifetime maximum for PhD students with disabilities and simplify the appeal process for additional disability-related costs.
- Implement mandatory entrance and exit counseling for students who acquire loans through CSLP.
- Create training program for “How to prepare for Postsecondary Education” to be directed at high school students, to create early familiarity around government student financial assistance.

Recommendations for Student Accessibility:

- Establish an unsubsidized parental loan program for post-secondary study to meet expected contributions.
- Consider the student loan payments of applicants' spouse/partner when completing calculation of assessed contribution.
- Appeal process to protect at-risk students from fixed student contribution.
- Extend federal government need-based assistance to establish a National Student Work Study Program.
- Exempt institutional merit-based scholarships and need-based bursaries from the Canada Student Loans Program assessment.
- Encourage CSLP to review its policies relating to experiential learning.
- Recognition of dependents up to age 18.
- Review program eligibility for the Part-Time loan program.
- Develop a Canada Student Grant Program for Indigenous Students within the CSLP Program.

Recommendations for enhancing the student experience

- Reinstate the Interest-Free Status 6 (six) months after graduation.
- Introduce an electronic Master Student Financial Assistance Agreement for the Part-Time loan program.
- Ensure a single portal provides critical and holistic information regarding lenders, amounts, and status of all government student assistance awarded

Student Success

Lifetime Assistance Limits for Students with Permanent Disabilities

Students are no longer eligible for financial assistance once they complete a student period exceeding the prescribed number of weeks. The current limit is 340 weeks for Undergraduate and Masters degrees, and 400 weeks for PhD candidates. Students with recognized permanent disabilities have a lifetime limit of 520 weeks, and while this is a fairly significant time extension for undergraduate and Masters students, this only provides a disproportionate two additional years of studies for a PhD student with disabilities. In all cases, appeals for disability-related additional costs and study extensions are possible, but require an annual (and manual) process. Graduate students with disabilities are particularly vulnerable because they tend to access the Disability Office or Graduate Studies within their Educational Institutions for overall support rather than CSLP experts in the Financial Aid Offices.

Recommendation

Increase the student loan lifetime maximum for PhD students with disabilities and simplify the appeal process for additional disability-related costs. This will support students in creating a sound financial plan for the duration of their studies and advance persistence to successful degree completion to an already vulnerable sub-set of students.

Embedding Financial Literacy

CASFAA is a proud supporter of the great progress achieved by the appointment of Jane Rooney, Canada's first Financial Literacy Leader and the National Steering Committee. The national strategy for financial literacy is inclusive, relevant and accessible for 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 recommends that the federal government continue the good work of a national strategy on financial literacy to ensure that there is effective programming available at all levels of education for individuals from K-12 all the way through life. Financial literacy is a life-long process requiring training and information at all levels of the life cycle.

Unfortunately this effort has not been embedded within Canada Student Loan Program strategies and services. Too often we see student borrowers at risk because they lack the budgeting and financial skills required to make informed decisions. For high-debt undergraduate and graduate students unable to meet nor understand their financial obligations, their mental health becomes compromised.

Recommendation

CASFAA urges the implementation of mandatory entrance and exit counseling for students who acquire loans through the CSLP, to ensure exposure to critical information about managing this debt. Furthermore, all interactions between student borrowers and the National Student Loan Service Center should be reviewed for financial literacy opportunities.

Recommendation

Introduce materials, trainer support and online course for "How to Prepare for Postsecondary Education" to be directed to high school students and parents, to create

early familiarity around government student financial assistance. The intent is to highlight everything from career planning (direction finding) to how much it costs and how to fund it. This provides an opportunity to groom an early familiarity of government student financial assistance.

Student Accessibility

Parental Contributions

The amount that parents are expected to contribute to their children's education costs is a function of family size, income and the number of post-secondary students in the family. Too often, cases arise in which parents are unable to provide the expected level of financial contribution. With the introduction of the Fixed Student Contribution in 2017/18, parents are not only assessed a parental contribution but are also assessed the student's fixed contribution as the dependent student's income is no longer factored into the need assessment. This policy change has introduced an additional burden to parents.

Recommendation

Consider alternative means to provide expected parental contribution, such as the establishment of an unsubsidized parental loan program for post-secondary study. This gives parents the opportunity to assume some debt themselves rather than placing more burden on their child(ren) already accumulating federal and provincial loan debt.

For students whose parents are unwilling to provide information for government loan assessment or to co-sign a bank loan, the notion of an unsubsidized student loan could also be explored. This could be a last resort for students who have run out of options.

Spousal Contributions

The needs assessment of a student who is identified as married or in a common-law relationship assumes the financial contribution from the spouse or partner. There are exceptions permitted, such as when the spouse/partner is out of the workforce caring for a young child or when the spouse/partner are themselves a full-time student. Non-work due to incarceration can also be reviewed with supporting documentation.

Unfortunately, a spouse/partner who is in the workforce but has recently completed their degree and is repaying their own CSLP loans, is not a recognized scenario for exceptions to spousal contributions. This creates further stress on couples who have both sought to advance their opportunities with higher education and are facing their joint 'life start up' costs coinciding with workforce entry.

Recommendation

Allowing a review of a student's assessed spousal/partner contribution when they have recently entered the workforce with their own student loans to repay.

Student Self-Help

The introduction of a fixed student contribution in 2017-18 is a positive change towards removing the inherent penalty on students who must work to fill their unmet need gap. We also recognize the fixed student contribution exemptions for former youth in care, students with disabilities,

indigenous learners and students with dependents under up to the age of 18 as beneficial to these underrepresented groups in PSE.

CASFAA is concerned, however, that a fixed contribution may create a negative bias for the most vulnerable students who, for a variety of reasons, cannot generate any pre-study or in-study income. Examples include students who must contribute time to the care of family members or complete a mandatory stage without pay but with full-time effort. The neediest students have to forgo experiential learning opportunities such as an exchange or unpaid internships if they must work, reducing their competitive edge in their field of studies.

Recommendation

While the inability to meet a fixed student contribution should be offset by the increased grants for low-income students (effective 2016/17), there must be a built-in provision such as an exception or appeal process to protect at-risk students.

Recommendation

Extend federal government need-based assistance to establish a National Student Work Study Program, for which a detailed proposal is appended to this document.

Enhancing self-help opportunities on campuses would increase the chances for vulnerable students to raise earnings required for their expected contribution, fill unmet need and increase their employability upon graduation through career-related work.

A National Work Study program, specifically targeting students from under-represented groups such as low-income, indigenous and those with permanent disabilities, is highly beneficial in that it provides students with an important source of income in a convenient environment dedicated to student success.

Institutional Needs-Based Awards

Educational Institutions often participate in helping students address unmet need (after considering maximum government aid and other resources) in the form of merit-based scholarships and need-based bursaries. Currently, the 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

We urge the government to exempt institutional need-based bursaries from the Canada Student Loans Program assessment so that students with extraordinary need 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. Recent federal announcements regarding student work experience, in particular co-op, have increased opportunities for students to gain valuable experience. Current CSLP 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.

Recommendation

Encourage CSLP to review its policies relating to experiential learning given the current academic and trends in post- secondary education program development.

Students with Dependents

Additional costs for dependent children was limited to children aged 12 and under only. This is particularly a hardship for parents returning to school later in life to improve their career prospects and their family's quality of life. Prior to 2014/15, the needs assessment formula calculated funding for dependent children up-to the age of 18.

Recommendation

CASFAA recommends that this policy change be reversed. The costs associated with caring for dependent children do not cease to exist at the age 12.

Part-time Students and Programs

CASFAA applauds the increase in part-time student loan assistance, the removal of in-study interest charges, as well as the new grant limit implemented in 2016/17. CASFAA now urges that CSLP revisit part-time loans with respect to academic program eligibility (currently must be eligible for full-time student funding) and paper-based loan processes.

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 full-time course load. Part-time loans must also move to the electronic Master Student Financial Assistance Agreement (E-MSFAA) to expedite processing. 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 incorporate recommendations from the Part time Programs report into policy to increase accessibility financial assistance for students in these programs.

Indigenous Student Resources

CASFAA recognizes that First Nations, Inuit, and Métis students are supported through Aboriginal Affairs and Northern Development Canada's Post-secondary Student Support Program (PSSSP). The 2011 report of the Auditor General of Canada indicates that the PSSSP does not provide eligible students with equitable access to PSE funding.

Although the introduction of the Fixed Student Contribution and the contribution exemption for self-identified Aboriginal learners are positive steps toward addressing the inequity, concerns related to successful completion of PSE and later, employment are seen as deterrents to taking out a student loan (IKOS Research Associates Inc. 2005b). Further, past credit history, unfamiliarity

with or distrust of the student loan system and/or the administrative complexities of the application process may affect their ability to obtain student loans. Providing educational and technological grants would enable Indigenous learners to succeed with their chosen PSE program and would demonstrate more responsiveness to the distinct characteristics of Indigenous learners, leading to sustainable employment and an investment in a strong future. 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 .

Recommendation

Develop a Canada Student Grant Program for Indigenous Students within the CSLP. This Canada Student 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.

Please also see Recommendation 7 about how a National Work Study Program would benefit under-represented groups such as indigenous students.

Enhancing the student experience

Reinstatement of Interest-free Status after Graduation

An issue bearing further investigation is the reinstatement of Interest-free status 6 (six) months after graduation on the federal loan program. The reinstatement of federal interest-free (as opposed to grace period) would provide students with the opportunity to establish stability in their earnings in the infancy of their career before they begin the regime of student loan repayment.

Recommendation

Reinstate the Interest-Free Status 6 (six) months after graduation.

Part-time Students and Programs

CASFAA applauds the increase in part-time student loan assistance, the removal of in-study interest charges, as well as the new grant limit implemented in 2016/17. CASFAA now urges that CSLP revisit part-time loans with respect to academic program eligibility (currently must be eligible for full-time student funding) and paper-based loan processes.

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 full-time course load. Part-time loans must also move to the electronic Master Student Financial Assistance Agreement (E-MSFAA) to expedite processing.

Recommendation

Adopt the same electronic Master Student Financial Assistance Agreement (E-MSFAA) as full-time loans to expedite processing and eliminate overhead for part-time loan administration.

Student Loan Portal

Over the past decade, the Canada Student Loan 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.

Students 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 CSLP and D+H in the development of the new NSLSC portal.

Recommendation

Ensure CASFAA's continued involvement in the implementation, maintenance and evolution of the new 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,

**CASFAA President**

Stephanie Williams
Co-ordinator of Program Eligibility,
Student Financial Aid and Awards
British Columbia Institute of Technology
Burnaby, British Columbia
(604) 456-8136
Stephanie_Williams@bcit.ca

**Past-President**

Cara Piperni
Director, Scholarships & Student Aid
McGill University
Montreal, Quebec
Phone: (514) 398-2512
Email: cara.piperni@mcgill.ca