

Policy Position Brief

Key highlights for Legislative and
Executive government branches

2018-2019



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Canadian Association of Student Financial Aid Administrators (CASFAA) Policy Positions for 2018/19

CASFAA applauds recent Federal Budgets for the impactful measures to the Canada Student Loan Program including the introduction of the Canada Student Grants for Full-time students, Skills Boost Top Up, improvements to repayment assistance, and the implementation of income sliding scales for both full-time and part-time grants. However, 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	Implement mandatory entrance and exit counseling for students who acquire loans through CSLP.
Recommendation 2	Exempt awards from the Canada Student Loans Program assessment.
Recommendation 3	Encourage CSLP to review its policies relating to experiential learning.
Recommendation 4	Reinstate the Canada Student Loans Program interest subsidy to cover a borrower's interest for the 6 (six) months following completion of studies.
Recommendation 5	Develop a Canada Student Grant Program tailored for Indigenous students, with unique expenses such as relocation and community visits included in the cost of attendance for need assessment.
Recommendation 6	Increase the student loan lifetime maximum for PhD students with disabilities and simplify the appeal process for additional disability-related costs.

Embedding Financial Literacy

CASFAA is a proud supporter of the great progress achieved since the appointment of Jane Rooney 5 years ago and the work of 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. Complexity of the student loan ecosystem in Canada, given the varying federal and provincial components, puts borrowers at risk. 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 that 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 online Entrance and Exit Counselling to be seamlessly embedded within the loan disbursement and repayment interactions such that:

All first-time borrowers of Canada Student Loans, and borrowers with new loans after a prolonged period of non-borrowing must complete loan entrance and exit counselling before their 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 around contacting loan servicers and the consequences of default are also imperative.

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.

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 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 2

CASFAA urges the government to exempt awards and 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 3

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

Reinstatement of Interest-free Status after Graduation

The provision of an “interest subsidy” for six months following graduation, during which time the federal government covers interest, was terminated within the Canada Student Loans Program in 1993/94. It was replaced by legislation and regulations which introduced a “non-repayment period” whereby students have six months of non-repayment after they complete their studies before they must make their first loan repayment. However, during this period, interest continues to accrue and is added to a borrower’s loan payment.

In the two decades since this change, the context has also changed with respect to debt levels and a challenging job market. According to Statistics Canada (Stats Canada Table 14-10-0057-01 Duration of unemployment, annual), the average duration of unemployment for job seekers in 2017 was 19.6 weeks. Students should be given adequate time to establish stability in earnings during career infancy before beginning the regime of student loan repayment.

For graduates of post-secondary education to contribute their skills and flourish in their respective economic sectors, they must not be pressured into “quick-fix” lower paying jobs simply to address the cumulating interest attached to their debt. Taking the time to situate themselves, possibly relocate, will allow graduates to give back to their communities faster. Student debt doesn’t just impact individuals but resonates in families and their ability to fully participate in a wider economy. Starting a business or a family, becoming a home owner, consumer capacity, taking jobs for non-monetary benefits such as gaining valuable experience are all decisions impacted by accumulating interest attached to their student debt.

Recommendation 4

Reinstate the Canada Student Loans Program interest subsidy to cover a borrower’s interest for the 6 (six) months following completion of studies.

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 the evidence of waitlists which indicate that PSSP does not provide eligible students with equitable access to PSE funding. The Assembly of First Nations have 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 Canada Student Loans Program (CSLP) is an option to supplement PSSP funding but has too few measures which specifically encourage Indigenous learners. CASFAA acknowledges the recent improvements to CSLP 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 taking out a student loan (EKOS Research Associates Inc 2005b). Barriers such as past credit history, unfamiliarity with or distrust of student loan systems also affect the ability to obtain student loans.

Providing educational support via non-repayable Canada Student Grants would appropriately supplement PSSP 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 for 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.

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.

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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