

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 2019/20

CASFAA applauds Federal Budget 2019 for the impactful measures to the Canada Student Loan Program, including lower interest- rates on Canada Student Loan, a new interest-free grace period, improved loan rehabilitation, interest-free and payment-free leaves, and improving accessibility to student loans for students with disabilities. 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	CASFAA encourages CSLP to incorporate recommendations from the Part time Programs report into policy to increase accessibility to financial assistance for students in these programs.
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 Canada's Financial Literacy Leader and the work of the National Steering Committee. The national strategy for financial literacy is inclusive, relevant and accessible 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 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 throughout their lives. 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 of contacting loan service providers 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. 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 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-ops, 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

Review policies to ensure experiential learning opportunities are available to those who rely on the CSLP program.

Part-time Students and Programs

CASFAA urges CSLP to revisit part-time loans with respect to academic program eligibility (currently programs must be eligible for full-time student funding).

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 incorporate recommendations from the Part time Programs report into policy to increase accessibility to financial assistance for students in these programs.

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 evidence of waitlists which indicate that PSSP does not provide eligible students with equitable access to PSE funding. The Assembly of First Nations has 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

leaners 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 obtaining 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 to 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

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.

While the changes announced in Budget 2019 will assist students with disabilities there are still other areas in need of consideration. 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, it provides only 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 permanent 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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