

Policy Positions



2015-2016

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Canadian Association of Student Financial Aid Administrators (CASFAA) Policy Positions for 2015/16

CASFAA has identified three main issues that relate directly to ensuring Canadians take advantage of educational and lifelong learning opportunities. The first is the **widening gap between student need and the availability of government student assistance**, which is commonly referred to as 'unmet need'. The second is the **complex nature of the current student loan delivery infrastructure**. Third is **the lack of financial literacy** that may hinder academic and career pursuits.

CASFAA believes that the following recommendations will improve the Canada Student Loan Program and ensure that all Canadians have the option of contributing to national prosperity by completing post-secondary education. Below provides a summary of recommendations, followed by more detailed explanations.

Recommendation 1A	Increase weekly assistance limit of the Canada Student Loan Program
Recommendation 1B	Increase weekly lifetime limits to allow for the completion of graduate and doctoral programs
Recommendation 2	Establish a national Student Work Study Program
Recommendation 3	Consider the establishment of an unsubsidized parental loan program for post-secondary study
Recommendation 4	Provide a comprehensive portal to include information regarding lenders, amounts, and status of all government student assistance awarded to each student at both the federal and the provincial levels
Recommendation 5	Reduce interest rates on Canada Student Loans
Recommendation 6	Reinstate Interest-free status for 6 (six) months after graduation on Canada Student Loans
Recommendation 7	Review education related tax credits and give consideration to redirecting funding towards means tested programs that support high need and underrepresented groups
Recommendation 8A	Increase to the grant portion of part-time CSLP
Recommendation 8B	Study trends in program delivery to ensure that the Part-Time Student Loan program is facilitating the broadest, and most appropriate, access for students in financial need
Recommendation 9	Reverse policy change to recognize that the costs associated with caring for dependent children do not cease to exist at the age 12
Recommendation 10	Exempt institutional needs-based awards
Recommendation 11	Increase access by developing a Canada Student Grant Program for Aboriginal Students
Recommendation 12	Continue to strengthen national strategy on financial literacy
Recommendation 13	Study new and emerging experiential learning opportunities to ensure that there are no participation barriers for students in financial need

Comprehensive Weekly Assistance Maximums

According to the July 2011 Actuarial Report of the Canada Student Loan Program, the percentage of students at the loan limit is 29% in 2010-11 and will increase to 31% for 2011-12 due to the new Canada Student Grant Program (CSGP). However, this percentage is expected to grow thereafter to reach 82.6% in 2035-36. This report also estimates that average tuition will rise from \$6,500 to \$19,900 during the same period. It is clear that accessibility to post-secondary education will be compromised in the years ahead if measures are not taken to increase funding to students and to prevent further erosion of the CSLP.

Recommendation 1A

Increase weekly assistance limit of the Canada Student Loan Program according to annual indexing or at minimum that assistance limit maximums be reviewed on a 3 year basis.

Recommendation 1B

Increase weekly lifetime limits to allow for the completion of graduate and doctoral programs. The proposed increase in lifetime limits should not cause undue financial hardship for students.

Canada Student Work Study Program

Some provinces and many institutions have created Work Study programs to increase on-campus employment opportunities for students with need. Such programs are highly beneficial in that they provide students with an important source of income, often through jobs that are related to future career interests and in a convenient environment dedicated to student success.

Recommendation 2

Establish a national Student Work Study Program. Please review attached document detailing the proposed "Canada Student Work Study Program."

Unsubsidized Parental Loan Program

Parents are often unable, not unwilling, to provide the level of financial contribution that is calculated in the financial need assessment. Many have not accumulated the savings required to sustain support of their child throughout the program of study. To assist parents in this situation, an alternate means to provide the expected parental contribution would be useful.

Recommendation 3

Consider the establishment of an unsubsidized parental loan program for post-secondary study.

Student Loan Portal

In the past 10 years, the Canada Student Loan Program 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 a 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.

Recommendation 4

Ensure a single portal provides critical and holistic information regarding lenders, amounts, and status of all government student assistance awarded to each student at both the federal and the provincial levels. This database should be accessible both to students and to financial aid staff at post-secondary institutions. We commend the great work being completed in this area by Human Resources Skills Development Canada (HRSDC) and we trust that this work will continue to be a priority.

Canada Student Loan Interest Rates

Canadians commencing their repayment of Canada Student Loans currently have the choice of two interest rates: prime + 2.5% (variable) and prime + 5% (fixed). Students who are required to take out loans to complete their education should be treated as preferential customers - their loans are not for consumer purposes, but rather for human capital that reflects both an individual investment and one that is a necessary key to Canada's future economic development. Now that the Canada Student Loan Program involves direct loans from the federal government to students, there should be lower administrative costs than was the case during the first thirty-five years of the previous CSL program, when "guaranteed" or "risk-shared" loans were funded by and delivered through banks and other types of financial institutions. Such savings should be passed on to students. The interest rates charged on many provincial student loans are significantly lower than the CSL rates. Ontario, for example, charges 1% above prime for the floating rate, Saskatchewan and Manitoba charge prime, Quebec charges prime + ½%, Alberta charges either a floating prime rate or fixed at prime +2%, and Newfoundland and Labrador, PEI and Nova Scotia provincial loans are interest-free.

Recommendation 5

Reduce the interest rates charged to students repaying Canada Student Loans to a maximum of prime.

Reinstatement of Interest-free Status 6 (six) months after graduation on the federal loan program

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 their career and personal life before they begin the regime of student loan repayment.

Recommendation 6

Reinstate the Interest-Free Status 6 (six) months after graduation on the federal loan program.

Education Tax Measures

The government has increasingly contributed to student assistance through fiscal measures introduced to the tax system, such as scholarship and bursary exemptions, credits for tuition fees, and an allowance for each month of full-time enrolment, as well as contributions to Registered Education Savings Plans (RESPs). These tax credits are distributed almost entirely without regard to financial need, disproportionately benefiting families with higher incomes. They do little to assist high-need students and underrepresented groups (e.g., students from low income families, students with disabilities, aboriginal students, adult learners) to enter our post-secondary education system. CASFAA believes that means-tested student financial assistance that is accessible through a simplified application process and that delivers funds at the time that expenses are to be incurred represents the most effective use of taxpayer dollars.

Recommendation 7

Review education-related tax credits and give serious consideration to redirecting a portion of the funding towards means tested programs that support high need and underrepresented groups. Further, provide assistance to parents and students to ensure that RESP contributions are not unfairly targeted by industry practices.

Part-time Student Loans

CASFAA applauds the increase in part-time student loan assistance as well as the removal of in-study interest charges, however we remain concerned that the grant portion is expected to remain static at \$1,200.00. CSLP Policy should also be revisited with respect to academic program eligibility (currently 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 full-time course load.

Recommendation 8A

Increase the grant portion of this program in direct relation to the increase of loan assistance. As the loan portion has increased by 40%, CASFAA recommends an equal increase in grant assistance.

Recommendation 8B

Study trends in program delivery to ensure that the Part-Time Student Loan program is facilitating the broadest, and most appropriate, access for students in financial need.

Student Dependents

For the 2014/15 program year, additional costs for dependent children was limited to children aged 12 and under only. Previously, the needs assessment formula calculated funding for dependent children up-to the age of 18.

Recommendation 9

CASFAA recommends that this policy change be reversed as we must recognize that the costs associated with caring for dependent children do not cease to exist at the age 12, when they are legally able to look after themselves in the home.

Institutional Needs-Based Awards

Budget 2015 announced the elimination of the in-study income from the needs assessment of the Canada Student Loans Program. CASFAA applauds the government for removing financial penalties for students that work while studying as this decision recognizes that the majority do so in order to address their unmet need. We recommend that the federal government go further in offering support to students by extending this concept to ***institutional needs-based award exemption***. Currently, the government considers all merit and need-based awards over and above \$1,800.00. Educational institutions striving to assist students with unmet financial need (after considering government aid and other resources) are currently faced with a disincentive: exceeding this threshold means their funds may replace rather than supplement government aid.

Recommendation 10:

We urge the government to eliminate institutional needs-based awards from the Canada Student Loans Program assessment so that students with extraordinary need can be better supported throughout their educational experience.

Aboriginal Student Resources

CASFAA recognizes that First Nations, Inuit and Metis 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. Providing educational and technological support grants would enable Aboriginal learners to succeed with their chosen PSE program leading to sustainable employment. There needs to be a commitment to raising the educational attainment rates of First Nations, Inuit, and Metis people to national averages.

Recommendation 11:

CASFAA highly commends the federal government for investing \$248.5 million over five years in Aboriginal labour market programming to support a skilled and engaged aboriginal labour force. CASFAA recommends that the federal government continue to take a strong role in increasing access by developing a Canada Student Grant Program for Aboriginal Students. This Canada Student Grant will help to provide additional financial support to help Aboriginal learners succeed in their postsecondary studies.

Continuing to Increase Financial Literacy Awareness

CASFAA applauds the great work being completed by the appointment of Jane Rooney, Canada's first Financial Literacy Leader in April 2014. We are appreciative of the Government of Canada in developing a national strategy for financial literacy that is inclusive, relevant and accessible for all Canadians. We look forward to reading the full national strategy report on financial literacy slated to be published in 2015.

Recommendation 12

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.

The Recognition of Experiential Learning Opportunities

More than half of all university undergraduates benefit from a co-op or internship experience before they graduate. The number of university students participating in co-op programs has grown by 25% in the past seven years. Source: Based on data from the Canadian Association for Co-operative Education and Canadian University Survey Consortium

Recommendation 13

Study new and emerging experiential learning opportunities being developed within PSE curriculum towards ensuring there are no participation barriers for students in financial need.

Respectfully submitted,



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