

**THE HOUSE OF COMMONS STANDING  
COMMITTEE ON FINANCE:  
PRE-BUDGET CONSULTATIONS 2009**

**Submitted by:  
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## THE HOUSE OF COMMONS STANDING COMMITTEE ON FINANCE: PRE-BUDGET CONSULTATIONS

### Executive Summary

The Canadian Association of Student Financial Aid Administrators (CASFAA) thanks the House Standing Committee on Finance for this opportunity to contribute to the pre-budget consultation process. CASFAA is the national professional association representing financial aid administrators at Canada's colleges and universities.

Our members administer a large spectrum of student financial aid programs at all levels. This includes government sponsored student aid programs such as the Canada Student Loan Program, various provincial student assistance programs, institutional scholarships and bursaries, and work study programs. Students, governments, student loan service agencies, and our respective institutions count on our members' expertise to deliver these complex programs efficiently, effectively ensuring the academic success of our students. We also provide budgeting and financial counseling assistance to students. A primary objective of the Association is to advocate on behalf of Canadian students. Because of our roles within our educational institutions, we are uniquely positioned to directly witness not only the success of the Canada Student Loan Program (CSLP), but also the gaps that seriously compromise the academic potential of a great number of students.

CASFAA has identified three major issues in reference to Student Financial Assistance (SFA) that relate directly to ensuring Canadians, particularly those facing financial challenges, can 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'. Resources from education tax measures could be re-directed to assist students both in entry and persistence in postsecondary education.

**Second** is the need for student in-study resources to be exempted. Students should be permitted to seek alternative sources to replace these "expected contributions" through institutionally-administered need-based awards. Financial resources and those of the students' parents or partner, if applicable, will be used to calculate the amount you will be expected to contribute toward your education (i.e. employment income, assets, etc.).

**Third** is the need for career development skills to assist students in meeting the constantly changing needs of the labour market, increase their potential employability upon graduation, and achieve their aspirations and participate in the community. The establishment of a national Work-Study Program would help students with access to skills, services and contacts through and beyond school to help them with their chosen career path.

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In this context, CASFAA is participating in the pre-budget consultations to share their views on the following two questions:

- 1. What federal tax and program spending measures are needed to ensure prosperity and a sustainable future for Canadians from an economic, social and/or environmental perspective?**
- 2. What federal stimulus measures have been effective and how might relatively ineffective measures be changed to ensure that they have the intended effects?**

### **RECOMMENDATIONS:**

#### **EDUCATION TAX MEASURES**

**CASFAA recommends that the federal government review its 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. These redirected resources could then be utilized to develop programs that would be utilized to assist with the persistence and retention of under-represented populations such as students with disabilities, aboriginal students and first generation students.**

**Additionally, these re-directed resources could be used to increase the weekly lifetime limits to allow for the completion of graduate and doctoral programs.**

The changes to the Canada Student Loans Program in the 2008 Budget, in the relaxation of spousal contribution expectations, new grant programs for low and middle-income students, and the proposed Repayment Assistance Plan (RAP) have enhanced the program and provided encouragement for many students and their families. However, CASFAA believes that more needs to be done to improve access to post-secondary and to encourage and support successful completion of programs, particularly for students who have traditionally been under-represented in post-secondary studies.

Government has spent increasingly on 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.

The current weekly limit of \$210 per week is insufficient to meet rising educational and living costs. Furthermore, as more students enter into graduate and doctoral programs, they reach their lifetime limits and find themselves without essential financial support to complete the final stages of their educational careers. The CSLP weekly lifetime limits be increased to allow for the completion of graduate and doctoral programs.

### **STUDENT IN-STUDY RESOURCES EXEMPTIONS**

**CASFAA recommends that the CSLP in-study work exemption be increased to \$100 per week from the current \$50 per week. All need-based awards administered by post-secondary institutions are exempted from the CSL need assessment calculation.**

Under CSLP need assessment calculations, parents and students are expected to contribute to students' educational costs based on their respective incomes. The reality is that many parents are unable, or unwilling, to assist the students to the level expected by the CSLP calculations. Students find themselves in the difficult position of trying to compensate for these shortfalls. However, student income which exceeds a designated amount will reduce the amount of government assistance the students receive. Furthermore, the CSLP need assessment does not recognize, nor is able to fully meet, many exceptional expenses and costs faced by students and their families. We strongly feel that students should be permitted to seek alternative sources to replace these "expected contributions" through additional work or institutionally-administered need-based awards.

### **NATIONAL WORK-STUDY PROGRAM**

**CASFAA recommends that a federal student Work Study program be implemented. In addition to contributing necessary financial support, these programs also provide valuable career-related work experience.**

In the Millennium Research Note #9, *Are Student Employment and Academic Success Linked?*, written by: Anne Motte (Canada Millennium Scholarship Foundation) and Saul Schwartz (Carleton University), states that: "Recent labour market data show that full-time university and college students are working more than ever before. According to the Labour Force Survey (LFS), 41 percent of male full-time students aged 20 to 24 and 52 percent of female full-time students in the same age group were working during the 2007-08 academic year."<sup>1</sup>

Many other educational systems such as the US Department of Education offer a Federal Work Study Program (FWSP) that provides funds (earned through part-time employment) to assist students in financing the costs of postsecondary education. Through FWSP, the federal government pays from 50% to 100% of an eligible student's wages, making it easier for an employer to hire a student to find the right job.

The Ontario Work Study Plan program helps students at provincially-assisted universities and colleges of applied arts and technology in Ontario to meet their educational costs by working part-time during the year.

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<sup>1</sup> Page 1, Millennium Research Note#9, Are Student Employment and Academic Success Linked?, Anne Motte and Saul Schwartz

Student Employment opportunities funded under Work study would have the following characteristics:

- Be designed to accommodate students' academic schedules
- Be situated on or near the institution's campus
- A portion of the assistance provided is targeted towards groups under-represented in the postsecondary education system.

While a federal subsidy may not be possible perhaps a Public and Corporate Tax credit option could be explored to provide incentives for organizations/companies to take advantage of this opportunity.

## CONCLUSION

CASFAA is grateful for the opportunity to share our insights with the Standing Committee on Finance. Investing in post-secondary education through measures such as those we have recommended will strengthen our country, and will help ensure that all citizens, as individuals, and Canada, as a nation, can compete effectively in the global economy.

Respectfully Submitted,

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