

**SENATE STANDING COMMITTEE ON SOCIAL  
AFFAIRS, SCIENCE AND TECHNOLOGY:  
PANEL CONSULTATION – APRIL 22, 2010**

Submitted by:  
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**Canadian Association of Student Financial Aid Administrators (CASFAA)**  
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## Executive Summary

The Canadian Association of Student Financial Aid Administrators (CASFAA) thanks the Senate Standing Committee on Social Affairs, Science and Technology for this opportunity. 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. 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 and effectively to ensure the academic success of our students. We also provide budgeting and financial counselling 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.

The Senate Standing Committee on Social Affairs, Science and Technology has been authorized to examine a broad range of topics related to the accessibility of post-secondary education in Canada. Our presentation will center on the complexity of current programs, the introduction of tax measures in lieu of direct financial assistance and student debt levels.

## PROGRAM COMPLEXITY

Each province and territory maintains distinct application processes, program information and administrative processes. The application process itself, and the needs assessment process in particular, is often cumbersome.

The amount of funding and type (loan or non-repayable grant) can vary considerably from one jurisdiction to another in addition to other program elements such as interest rates, resource thresholds and loan relief measures.

While regional differences in the cost of living, employment rates and the cost of post-secondary abound from coast to coast to coast, need assessment thresholds have historically been updated infrequently and do not account sufficiently for regional differences.

## Recommendations

- We believe that means-tested student financial assistance should be accessible through a simplified application process.
- We recommend that the weekly assistance limits of the CSLP be increased to annual indexing or, at a minimum, that they be reviewed on a 3 year basis. Funding limits and assessment methodology must take regional differences into account.

## TAX MEASURES IN LIEU OF DIRECT FINANCIAL ASSISTANCE

Government has increasingly allocated resources toward student assistance in the form of fiscal measures introduced through the tax system. These include items 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.

### Recommendations

- We recommend 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 low income and underrepresented groups.

## STUDENT DEBT LEVELS

There is growing empirical evidence from Canada (Canada Millennium Scholarship Foundation, Educational Policy Institute and private researchers) that those who are most at-risk with respect to post-secondary participation (students from low-income families, first generation students and aboriginal students) will abandon post-secondary education if their student loan debt-load is too high. At the same time, more students are qualifying for higher amounts of student loan with a corresponding increase in the number of students whose need exceeds the amount of financial assistance available. If the gap between resources and costs of education are too vast, students will discontinue their educational pursuits.

### Recommendations

While CASFAA has consistently argued for increases to the assistance maximums available through the CSLP, we recognize that this should in no way impose a financial hardship for students.

- We recommend the expansion of means tested financial assistance programs and the use of non-repayable grant assistance as a measure for promoting access and reducing debt.
- We recommend that the CSLP reinstate interest-free status for students during the 6 month following the completion of their studies.
- We recommend that the CSLP reduce the interest rates charged on student loans to a maximum of prime.

## CONCLUSION

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

Respectfully Submitted,

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