



Policy paper presented by

Access for All:

Making Student Aid Work for Everyone



CASA | ACAE

Canadian Alliance of Student Associations
Alliance canadienne des associations étudiantes

Prepared by:

Fahim Rahman

President

University of Alberta Students' Union

Rosanne Waters

Policy and Research Analyst

Canadian Alliance of Student Associations

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CASA Principles

The Canadian Alliance of Student Associations (CASA) is an advocate for post-secondary education (PSE) at the federal level. We believe that graduates from polytechnics, colleges and universities develop life-long skills through their transformative experiences in PSE, and apply their skills and knowledge as contributing members of the labour force and Canadian society in countless ways.

due to the rapidly rising costs of attending PSE. Finally, for post-secondary institutions to provide meaningful experiences to students, they must constantly innovate to provide an education of the highest quality.

These cornerstone principles inform CASA's approach to addressing economic barriers to PSE. In particular, CASA believes:

- All Canadians benefit from an accessible and affordable PSE system
- Wide access to post-secondary education is essential to ensuring a more equitable society
- No individual in Canada who wishes to pursue a post-secondary education should be prevented from doing so for financial reasons
- Through its long history of direct funding to PSE and financial aid programming, the federal government has a direct role to play in improving the accessibility and affordability of PSE for all Canadians
- Where systemic barriers exist, particularly for historically underrepresented groups, focused financial support is both necessary and the right thing to do
- Up-front needs-based grants offer the best mechanism for improving access and helping students afford PSE
- No student should have to take on an unreasonable debt burden to pursue PSE
- All students in Canada should have access to a system of financial aid that is progressive, understandable, easy to navigate, and that provides the funding they are eligible for when they need it most

“Despite its importance to Canadian society, there are too many Canadians who tend to be shut out of post-secondary education, including Canadians with disabilities, students from low-income families, and peoples from Indigenous communities.”

PSE gives students the skills and the knowledge to tackle the wide range of issues that our society faces. Most industries in the Canadian economy rely upon members with post-secondary skills, and CASA recognizes the opportunities PSE opens to Canadians to live successful lives.

Despite its importance to Canadian society, data supports the claim that there are too many Canadians who tend to be shut out of PSE, including Canadians with disabilities, students from low-income families, and peoples from Indigenous communities. PSE in Canada offers tremendous opportunities, but it is not yet fully accessible for everyone.

To this end, CASA holds four cornerstone principles in our vision for PSE. They revolve around accessibility, affordability, quality and innovation. Access to higher education is essential as a publicly funded good for society, which goes hand in hand with the affordability of education: many people are prevented from attaining post-secondary credentials

CASA's Approach to Addressing Financial Barriers

Significant investments are made in PSE at the provincial and federal level in Canada every year. At the federal level, the government spent over \$12 billion on PSE in 2013-14.¹ Annual federal investments in PSE are primarily made through the Canada Social Transfer, research support, various tax programs and the federal student financial aid system. CASA advocates on diverse issues related to improving student financial aid because it is an important mechanism for increasing access to PSE for all Canadians.

“CASA envisions a financial aid system that gives every Canadian access to higher education regardless of background or family income.”

While this paper focuses on financial barriers to PSE, it is important to recognize that barriers to PSE are multi-faceted, with financial and non-financial barriers creating overlapping obstacles. Non-financial barriers can include quality of primary and secondary education, parental education levels, exposure to and knowledge of PSE opportunities, and systemic barriers faced by marginalized communities, among other factors. This paper's focus on financial barriers is not intended to minimize the importance of also addressing non-financial barriers, and CASA is committed to finding solutions that address all barriers to PSE in Canada.

With a specific focus on financial barriers to PSE, CASA envisions a financial aid system that gives every Canadian access to higher education regardless of background or family income. There are some tools already available that support accessibility and affordability for students, but with further reforms more and more Canadians can reap the benefits of our strong post-secondary system.

Throughout this paper, CASA proposes several policy and funding changes that would improve the current federal financial aid system. In particular, CASA supports:

- Ensuring that necessary financial support for post-secondary education is available to Indigenous peoples in Canada and respecting the role of First Nations and Inuit people in administering post-secondary funding at the community level.
- Addressing the barriers students with disabilities face to PSE through funding and financial aid program flexibility.
- Reforms to Canada Student Grants for a more diverse distribution and expanded access for graduate students.
- A financial aid system with simple, fair and understandable rules that all borrowers can navigate.
- Improved student loans that reflect rising costs and are dispersed when needed.
- Providing students with a clear appeals mechanism for financial aid decisions.
- A system of financial aid that does not burden any graduate with excessive costs through ongoing improvements to loan repayment processes.



¹ *Federal Spending on Postsecondary Education* (Ottawa: Office of the Parliamentary Budget Officer, 2016). Accessed online: http://www.pbo-dpb.gc.ca/web/default/files/Documents/Reports/2016/PSE/PSE_EN.pdf

Background Information

Overview of Canadian Student Financial Aid Programs

Student financial aid in Canada is a shared effort between federal and provincial governments, with the aim of ensuring that students in Canada have access to higher education. Financial aid programming supports the goals of improving life outcomes for those students, facilitating social mobility and increasing the skills and productivity of Canada's labour force.

The Repayment Assistance Plan (RAP) is intended to support loan holders who encounter difficulties paying back their CSLP loans. The income threshold for when loan holders must make payments on their loans was increased with the 2016 budget to \$25,000 for an individual, and the minimum income required for making repayments rises with family size. Above the minimum income levels, RAP ensures that repayment levels do not exceed 20% of income. Students must apply for RAP, and those who are eligible can make either reduced or zero payments. Over 256,000 CSLP loan holders used RAP in 2014-2015.⁵

“The Canada Student Grants program has grown to support almost 366,000 students today.”

Federal spending on student financial aid is administered through the Canada Student Loans Program (CSLP), in the form of repayable loans, non-repayable grants and repayment assistance. In the repayable financial aid category, the CSLP provided over \$2.7 billion in loans to 491,400 full-time and 11,300 part-time students across Canada in 2013-14, the most recent years for which data is available.²

Canada Student Grants (CSG) are intended to further assist students from low- and middle-income families in covering the costs of attending post-secondary institutions by providing non-repayable aid, which is grant money that does not have to be paid back. The grant disbursement began in 2009-10, with \$350 million distributed in its first year to over 295,000 college, polytechnic and undergraduate students.³ The program has grown to support almost 366,000 students today.⁴ The 2016 federal budget announced a welcome increase of 50% in the value of these non-repayable grants.

Government increased student grants by 50%

before Budget 2016

\$2,000

after Budget 2016

\$3,000

The federal government also has a specific post-secondary financial assistance program for First Nations and Inuit students through the Post-Secondary Student Support Program (PSSSP). The funding through the program goes towards tuition, books, travel and cost of living expenses.

- 2 CSLP *Annual Report 2013-2014* (Ottawa: Employment and Social Development Canada, April 2016). Accessed online: http://www.esdc.gc.ca/en/reports/student_loans/cslp_2014.page; CSLP *Statistical Review 2013-2014* (Ottawa: Employment and Social Development Canada, April 2016). Accessed online: http://www.esdc.gc.ca/en/reports/student_loans/statistical_review_2014.page?
- 3 *Canada Student Loans Program Annual Report 2010-2011* (Ottawa: Human Resources and Skills Development Canada, 2012). Accessed online: http://www.hrsdc.gc.ca/eng/learning/canada_student_loan/Publications/annual_report/2010-2011/annual_report_1011.pdf.
- 4 *Canada Student Loans Program Annual Report 2014-2015* (Economic and Social Development Canada, 2016). Accessed online: <https://www.canada.ca/en/employment-social-development/services/student-financial-aid/student-loan/student-loans/reports/cslp-2015.html#h2.4-3.1>
- 5 *Canada Student Loans Program Annual Report 2014-2015* (Economic and Social Development Canada, 2016). Accessed online: <https://www.canada.ca/en/employment-social-development/services/student-financial-aid/student-loan/student-loans/reports/cslp-2015.html#h2.4-3.1>

Overview of CASA Policies and Arguments

CASA advocates for several student financial aid policies, with the goal of making post-secondary education accessible and affordable for all Canadians, including historically underrepresented groups in PSE. CASA policies

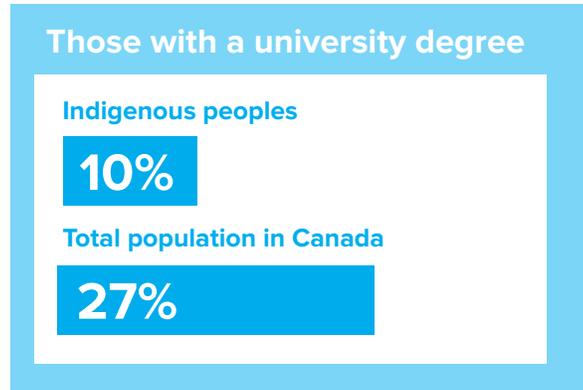
to advance the accessibility and affordability of post-secondary education through an improved financial aid system are outlined in the following sections of this paper.

The Post-Secondary Student Support Program (PSSSP)

Indigenous peoples are the fastest growing segment of the Canadian population. Between 1971 and 2001, the Indigenous population grew 322% compared to 37% in the non-Indigenous population.⁶ The trend continues today. Between 2006 and 2011, the Indigenous population grew 20% whereas the non-Indigenous population grew 5.2% over the same period.⁷

“While the population of registered First Nations youth between the ages of 15-30 increased by 30% from 2004 to 2014, funding for PSSSP increased by only 13% over the same time-period.”

The statistics show that Indigenous peoples in Canada continue to face barriers to accessing PSE. According to Statistics Canada, nearly 10% of Indigenous peoples held a university degree as of 2011, compared with approximately 27% of the total Canadian population.⁸ There are numerous reasons why this situation exists.⁹ First and foremost is a legacy of historical barriers that were designed for cultural assimilation. In addition to the devastating experience that many Indigenous children and families faced through the residential school system,¹⁰ the Indian Act forbade them from attending PSE without giving up legal status, rights and identity.¹¹



Specific to the question of funding for the PSE of treaty members, the supply of financial resources from successive federal governments have not kept pace with the growth in population and demand. PSSSP – the principal funding mechanism of First Nations and Inuit students – was capped at a program increase of 2% from 1996 until the 2017 budget, forcing an already small pot of funding to be spread thinly among an increasing number of students. While the population of registered First Nations youth between the ages of 15-30 increased by 30% from 2004 to 2014, funding for PSSSP increased by only 13% over the same time-period.¹²

6 *No Higher Priority: Aboriginal Post-Secondary Education in Canada* (Standing Committee on Aboriginal Affairs and Northern Development, February 12, 2010). Accessed online: <http://www2.parl.gc.ca/HousePublications/Publication.aspx?DocId=2683969&File=48#Demo>

7 *Aboriginal Peoples in Canada: First Nations People, Metis, and Inuit*. (Ottawa: Statistics Canada, September 2016). Accessed online: <https://www12.statcan.gc.ca/nhs-enm/2011/as-sa/99-011-x/99-011-x2011001-eng.cfm>

8 *The Educational Attainment of Aboriginal Peoples in Canada* (Ottawa: Statistics Canada, September 2016). Accessed online: https://www12.statcan.gc.ca/nhs-enm/2011/as-sa/99-012-x/99-012-x2011003_3-eng.cfm

9 R.A. Malatest & Associates Ltd., *Aboriginal Peoples and Post-Secondary Education: What Educators Have Learned; Millennium Research Series No. 8* (Montreal: Canada Millennium Scholarship Foundation, 2004). Accessed online: http://www.millenniumscholarships.ca/images/Publications/aboriginal_en.pdf

10 *Honouring the Truth, Reconciling for the Future: Summary of the Final Report of the Truth and Reconciliation Commission of Canada* (Truth and Reconciliation Commission of Canada, 2015). Accessed online: http://www.myrobust.com/websites/trcinstitution/File/Reports/Executive_Summary_English_Web.pdf

11 *What We Have Learned: Principles of Truth and Reconciliation* (Truth and Reconciliation Commission of Canada, 2015), 25. Accessed online: http://www.myrobust.com/websites/trcinstitution/File/Reports/Principles_English_Web.pdf

12 *Federal Spending on Post-Secondary Education - Data* (Ottawa: Parliamentary Budget Officer, May 2016). Accessed online: http://www.pbo-dpb.gc.ca/web/default/files/Documents/Reports/2016/PSE/PSE%20Public%20Data_20160503.xlsx

Local administration of First Nations education funding is crucial to addressing the unique cultural, social, geographical and historical barriers that First Nations, Métis and Inuit people face in pursuing PSE. The report *Factors Affecting the Use of Student Financial Assistance by First Nations Youth* highlighted the importance of a community capacity to connect youth to post-secondary education, noting the “often weak or inadequate infrastructural support connecting First Nations communities with outside sources of information about PSE” and “the historical sense of distrust toward or disconnection from government and other bureaucracies among First Nations people” as influences on the perception of government funding and programs.¹³ However, while First Nations band councils are responsible for administering PSSSP, they are not provided an administrative budget to offset these costs, nor do they receive support to help train those who administer the funds and who connect students with other financial aid options.

“The lack of funding to PSSSP across decades has left the per-student expenditure far below actual costs.”

CASA sees the 2017 federal budget’s removal of the PSSSP cap through an investment of \$90 million in the program over two years as an important step towards fulfilling the federal government’s responsibility to support all eligible First Nations and Inuit students. However, more work remains to be done. As the

Assembly of First Nations (AFN) recently highlighted, the lack of funding to PSSSP across decades has left the per-student expenditure far below actual costs. The AFN calls for an increase in per-student expenditure to \$17,307, up from \$13,407. CASA supports this call, and will continue to advocate on the goal of ensuring the PSSSP backlog, which resulted from many years of the 2% cap, is fully addressed. To promote full accessibility of post-secondary education for Indigenous peoples, CASA emphasizes the importance of:

- » **Recognizing PSE as a right for members of treaty nations where a promise of treaty education appears in treaty texts, related documents or oral histories of the parties involved.**
- » **The federal government fully addressing the PSSSP backlog caused by the 2% cap and fully funding the program moving forward.**
- » **Ensuring that financial assistance for all eligible First Nations and Inuit learners is based on actual costs incurred for tuition and living expenses, indexed annually to reflect rises in both tuition and the cost of living.**
- » **Federal government funding for PSSSP administration by band councils.**
- » **Creating special financial assistance for Métis and First Nations living off reserve.**
- » **Providing adequate funding to Indigenous institutes of higher learning.**

Expanding and Improving Canada Student Grants

While Canada Student Grants (CSG) are aimed at “improving post-secondary education participation and completion rates – particularly for underrepresented students,”¹⁴ the impact of these grants could be improved through expanded reach.

Previous non-repayable grants were provided by the federal government based on the assessed need of a student; under CSG, a student qualifies for a grant based on a graduated income threshold. However, using only income thresholds to determine grant eligibility means that some students in need of support miss out on receiving this type of non-repayable aid. For example, a student from a region where the average income is high, but the average cost of living is correspondingly high may not receive a sufficient level of CSG assistance.

“Using only income thresholds to determine grant eligibility means that some students in need of support miss out on receiving this type of non-repayable aid.”

Though convenient for administrators, CASA opposes the use of income classifications as the sole determinant of eligibility for CSG. CASA believes that student grants must be targeted at improving access for all underrepresented groups, as well as students with high need, and should also be designed to curtail

the accumulation of unreasonable, insupportable amounts of student debt. The existing focus only on income classification fails to capture too many students whose ability to obtain a post-secondary education depends on access to grants.



- » CASA recommends also targeting under-represented groups and students with high-financial need through a more diverse disbursement of CSG funding
- » CASA further believes that CSG should be indexed to the “education” component of the Consumer Price Index (CPI), so as to maintain the purchasing power of the grant over the duration that a student is eligible to receive them.

Creating a Grant for Graduate Students with High Financial Need

The economic and social wellbeing enjoyed by developed nations is largely connected to their ability to maximize their respective population's human capital.¹⁵ Despite Canada's strong results in encouraging post-secondary completion, the rate at which Canadians go on to complete graduate studies is significantly lower than other comparable countries such as the United States, Germany, Italy and Ireland.¹⁶

The federal government supports Canada's graduate students primarily through merit-based scholarship programs. Scholarships provided through the Social Science and Humanities Research Council of Canada (SSHRC), the Natural Sciences and Engineering Research Council of Canada (NSERC) and the Canadian Institutes of Health Research (CIHR) enable top graduate students at the masters, doctoral and post-doctoral levels to receive funding to support their continued education. While valuable funding sources, only students who are engaged in research-based (rather than professional) programs are eligible for scholarships from SSHRC, NSERC and CIHR (collectively known as the Tri-Council Agencies). The selective nature of this funding also leaves many graduate students without a source of financial aid to support the cost of their studies.

burdens. Amongst those graduating with debt in 2015, for example, bachelor's degree graduates carried an average debt load of over \$26,000.¹⁸ Debt not only decreases the likelihood that students will be able to afford graduate studies, but evidence suggests that there is also a relationship between funding and completion rates for those who do begin graduate studies. Insufficient funding for graduate programs is linked to high attrition rates.¹⁹



**BACHELOR'S
DEGREE**

GRADUATES
with student debt owe

\$26,000

— on average —



“The rate at which Canadians go on to complete graduate studies is significantly lower than other comparable countries such as the United States, Germany, Italy and Ireland.”

Tuition fees for graduate studies and professional programs have risen steadily in recent years.¹⁷ Current undergraduate students, who of course represent the very students making decisions about whether to pursue graduate studies, are also carrying growing debt

15 Momentum: The 2008 Report on University Research and Knowledge Mobilization (Association of Universities and Colleges of Canada, May 2008). Accessed online: <http://www.aucc.ca/media-room/publications/momentum-the-2008-report-on-university-research-and-knowledge-mobilization/>,

16 *How Canada Performs; PhD Graduates* (Conference Board of Canada, 2013). Accessed online: <http://www.conferenceboard.ca/hcp/details/education/phd-graduates.aspx>

17 *Tuition fees for degree programs, 2016/17* (Ottawa: Statistics Canada, 2016). Accessed online: <http://www.statcan.gc.ca/daily-quotidien/160907/dq160907a-eng.htm>

18 *2015 Graduating University Student Survey: Master Report* (Canadian University Survey Consortium, July 2015). Accessed online: http://www.cusc-ccre.ca/CUSC_2015_Graduating_Master%20Report_English.pdf

19 Rosanna Tamburri, “The PhD is in need of revision,” *University Affairs* (February 6, 2013). Accessed online: <http://www.universityaffairs.ca/features/feature-article/the-phd-is-in-need-of-revision/>; *Survey on Doctoral Completion Time, Final Report* (Queen's University: School of Graduate Studies, May 2013). Accessed online: <http://www.queensu.ca/sgs/sites/webpublish.queensu.ca.sgswww/files/files/Faculty-degree%20completion/TTC%20Survey%20Final%20report.pdf>

In 2009 the federal government introduced CSG funding, which is only accessible to undergraduate and college students. It is concerning to CASA that there is no national grant program in place to help graduate students who have high-financial need. The evidence indicates that debt is a barrier for students pursuing graduate study in Canada, to the detriment of both individual opportunity and the wider societal benefits of a highly educated workforce and population. This is particularly concerning because it creates a barrier for low-income students and other underrepresented groups in PSE to pursue graduate studies.

“It is concerning to CASA that there is no national grant program in place to help graduate students who have high-financial need.”

- » **CASA calls for CSG funding to be made available to all eligible graduate students.**
- » **CASA further believes that a component of CSG value for graduate students should consider regional cost-of-living disparities between in-study communities.**

Supporting Students with Disabilities

Canadians with disabilities encounter specific barriers to participating in and completing post-secondary. According to Statistics Canada, “[w]hile 27% of Canadians aged 25 to 64 years without disabilities had a university degree at the bachelor’s level or higher, the figure among those with disabilities was 14%.”²⁰ Barriers to PSE can have lifelong implications for career opportunities and earnings.²¹ Underlining the importance of access to PSE is the data showing that “[p]eople with disabilities with higher levels of education were much more likely to be employed than those with less education.”²²

Percentage of Canadians aged 25-64 with a university degree

Canadians with a disability

14%

All Canadians

27%

Recent years have brought some signs of improvement. More students with disabilities are attending post-secondary than ever before²³ and Statistics Canada found in 2012 that Canadians with and without disabilities obtain college level credentials at roughly the same rate.²⁴ The number of Canada Student Grants (CSG) for Students with Permanent Disabilities distributed in 2014-2015 increased by 8.1% over the previous year, suggesting wider awareness of and improved access to PSE funding options.²⁵

While these trends are encouraging, the fact remains that attending PSE comes with significant and unique financial pressures for students with disabilities. PSE is often more expensive for students with disabilities for a variety of reasons, including the costs associated with accommodations, equipment and services, the need for many to spread their studies out over a longer than average period,²⁶ and barriers to part-time work.

According to Statistics Canada, 30% of Canadians with disabilities found that “it took them longer to achieve their present level of education.”²⁷ A Senate report emphasizes that 16% of students with disabilities left school before completing their credentials while almost one-third took a reduced number of courses. “Furthermore,” the report continues, “19.7% of disabled youth aged 15 to 24 have experienced long school interruptions because of their disability.”²⁸ These factors contribute to lower overall rates of completion and higher costs.

“Post-secondary education is often more expensive for students with disabilities for a variety of reasons, including the costs associated with accommodations, equipment and services, the need for many to spread their studies out over a longer than average period, and barriers to part-time work.”

20 Rubab Arim, *A profile of persons with disabilities among Canadians aged 15 years of older, 2012* (Statistics Canada, March 13, 2015). Accessed online: <http://www.statcan.gc.ca/pub/89-654-x/89-654-x2015001-eng.pdf>

21 Rubab Arim, *A profile of persons with disabilities among Canadians aged 15 years of older, 2012* (Statistics Canada, March 13, 2015). Accessed online: <http://www.statcan.gc.ca/pub/89-654-x/89-654-x2015001-eng.pdf>

22 Matthew Till, Tim Leonard, Sebastian Yeung and Gradon Nicholls, *A Profile of the Labour Market Experiences of Adults with Disabilities among Canadians aged 15 years and older, 2012* (Statistics Canada, December 3, 2015). Accessed online: <http://www.statcan.gc.ca/pub/89-654-x/89-654-x2015005-eng.htm>

23 *Opening the Door: Reducing Barriers to Post-Secondary Education in Canada* (Standing Senate Committee on Social Affairs, Science and Technology, December 2011), 29. Accessed online: <https://sencanada.ca/content/sen/committee/411/soci/rep/rep06dec11-e.pdf>

24 Rubab Arim, *A profile of persons with disabilities among Canadians aged 15 years of older, 2012* (Statistics Canada, March 13, 2015). Accessed online: <http://www.statcan.gc.ca/pub/89-654-x/89-654-x2015001-eng.pdf>

25 *Canada Student Loans Program Annual Report 2014-2015* (Economic and Social Development Canada, 2017). Accessed online: <https://www.canada.ca/en/employment-social-development/services/student-financial-aid/student-loan/student-loans/reports/cslp-2015.html>

26 *Enhancing Accessibility in Post-Secondary Education Institutions: A Guide for Disability Service Providers* (National Educational Association of Disabled Students, 2012). Accessed online: http://www.neads.ca/en/norc/eag/eag_en.pdf; Kelly L. Woods, Marjorie Cook, Lindsay DeClou and Ursula McCloy, *Succeeding with Disabilities: Graduates with Disabilities and the Factors Affecting Time-to-Completion* (Toronto: Higher Education Quality Council of Ontario, 2013), 17-18. Accessed online: http://www.heqco.ca/SiteCollectionDocuments/Succeeding_with_disabilities_ENG.pdf

27 Rubab Arim, *A profile of persons with disabilities among Canadians aged 15 years of older, 2012* (Statistics Canada, March 13, 2015). Accessed online: <http://www.statcan.gc.ca/pub/89-654-x/89-654-x2015001-eng.pdf>

28 *Opening the Door: Reducing Barriers to Post-Secondary Education in Canada* (Standing Senate Committee on Social Affairs, Science and Technology, December 2011), 28. Accessed online: <https://sencanada.ca/content/sen/committee/411/soci/rep/rep06dec11-e.pdf>

To help address these issues, the CSLP offers the upfront, non-repayable CSG for Students with Permanent Disabilities, valued at \$2,000 per year. While an important source of funding, the value of this grant has not increased since it was first introduced in 2009. This stands in contrast to other CSG options, whose value and eligibility thresholds were expanded in the 2016 and 2017 federal budgets.

“16% of students with disabilities left school before completing their credentials while almost one-third took a reduced number of courses.”

The CSLP’s definition of “permanent disabilities” presents an additional challenge for many students. The program specifies that its definition “means a functional limitation caused by a physical or mental impairment that prevents a borrower from performing the daily activities necessary to participate in studies at a post-secondary school level and in the labour force; and is expected to remain with the person for their expected life.”²⁹ The definition is important because it determines eligibility for the CSG for Students with Permanent Disabilities, as well as the CSG for Services and Equipment, which offers up to \$8,000 for equipment and services necessary to pursue PSE. Unfortunately, the definition sets a very high threshold which is restrictive and difficult to meet for many students, particularly those with episodic conditions and many of those experiencing mental health problems and illnesses.

In contrast to the CSLP definition, the National Educational Association of Disabled Students (NEADS) recommends that disability service providers use a definition of disability that is flexible, explaining “[d]isability issues are complex, multifaceted and require flexibility and creativity to effectively accommodate students with disabilities. What works for one student may not be appropriate for another. Flexibility means following guidelines while taking in to consideration individual circumstances and differences.” The document further advises against “defining disability in rigid terms and avoid limiting policies to people with permanent disabilities as some disabilities – like chronic conditions and mental illnesses – are generally episodic in nature. While disabilities may not be present at all times, they may require accommodations.”³⁰ Revising the CSLP definition would help meet the needs of more students who encounter financial barriers to PSE related to disabilities and mental health.



²⁹ *Apply for Severe Permanent Disability Benefit* (Employment and Social Development Canada). Accessed online: <https://www.canada.ca/en/employment-social-development/services/student-financial-aid/student-loan/student-loans/student-loans-permanent-disability-benefit.html#severe>

³⁰ *Enhancing Accessibility in Post-Secondary Education Institutions: A Guide for Disability Service Providers* (National Educational Association of Disabled Students, 2012). Accessed online: http://www.neads.ca/en/norc/eag/eag_en.pdf

A final concern is the lack of a medical leave option available to students who use CSLP financial aid. A leave option would help many students, and is particularly relevant to students with disabilities and with mental health problems and illnesses who require breaks from their studies. Under current rules, a student with loans who leaves their studies has a six-month non-repayment period, during which loan payments are not required but when interest accrues. Following that six-month period, repayment begins. The government does offer the Repayment Assistance Program (RAP) to facilitate repayment for students earning below a set income threshold of \$25,000, and RAP offers specific provisions for students with disabilities. However, this program is not designed to meet the needs of students who take a year or two away from school for health reasons but who fully intend to return and complete their studies. To help address the financial barriers students with disabilities encounter in PSE,

CASA recommends:

- » **The federal government increase the value of the CSG for Students with Permanent Disabilities by 50%, in line with recent CSG changes, and tie the future value of the grant to the Consumer Price Index.**
- » **The CSLP review its definition of “permanent disabilities,” in consultation with stakeholders, to ensure that it better meets the diverse needs of students including those with disabilities, prolonged and/or episodic conditions, and mental health problems and illnesses.**
- » **The CSLP offer a medical leave option of at least two years, to allow borrowers time away from their studies for health reasons without entering repayment or accumulating interest. This leave should not count against lifetime assistance limits.**

Ensuring CSLP Loans Rise With the Needs of Students

While excessive debt is a major problem, affordable loans can be an essential support mechanism for students attending higher education. These loans must be sufficient to cover the full costs of PSE.

The weekly loan limit of the CSLP has not increased since the 2004 Federal Budget.³¹ Over the same period, the costs of tuition and compulsory fees, as well as the cost of living, have all increased. As a result, 31% of Canadian students are at the loan limit, meaning they likely have financial need that exceeds funding available to them.³²

“31% of Canadian students are at the loan limit, meaning they likely have financial need that exceeds funding available to them.”

To make up for this funding shortfall, students are faced with troubling alternatives. One option for these students is to turn to private loans, which can have extremely high interest rates and lack repayment flexibility. Another is to look towards their families, who often sacrifice their own financial stability to cover the

cost of their children’s education.³³ The high cost of an education is not just a student issue; it’s an issue that impacts Canadian families as well.

Increasing the weekly loan limit would give nearly half a million students across the country³⁴ access to the funds they need to pursue education and training. CASA opposes tuition increases at a rate greater than inflation on the grounds that they are ultimately unsustainable, but increased access to affordable financial aid is essential for students to cope with inflationary increases in both cost of living and tuition.

- » **CASA recommends the federal government adjust the federal portion of the weekly student loan limit to rise with the real needs of students, reflecting the cost of education.**
- » **CASA further recommends the federal government index the loan limits to the Consumer Price Index “Education” component, in order to maintain their effectiveness over time.**

31 Tim R. Raaflaub, *Canada Student Loans Program* (Ottawa: Library of Parliament, November 8, 2006). Accessed Online: <http://www.parl.gc.ca/content/lop/researchpublications/prb0343-e.htm>.

32 *Actuarial Report on the Canada Student Loans Program 2011* (Ottawa: Office of the Chief Actuary, June 2012), p. 68. Accessed online: http://www.osfi-bsif.gc.ca/Eng/oca-bac/ar-ra/cslp-pcpe/Pages/CSLP_2011.aspx#tbl-33

33 *Backgrounder: Parental Views on Post-Secondary Education* (Canadian Alliance of Student Associations, June 2014). Accessed online: <http://www.casa-acae.com/research?page=3>

34 In 2012-2013, the CSLP provided 472,000 full-time students with loans. *Canada Student Loans Program Annual Report 2012-2013* (Ottawa: Employment and Social Development Canada, 2014). Accessed online : [file:///Users/memberrelations/Downloads/cslp_ar_2013_eng_FINAL%20\(1\).pdf](file:///Users/memberrelations/Downloads/cslp_ar_2013_eng_FINAL%20(1).pdf)

Early Disbursement of Student Financial Aid

Tuition payment deadlines in universities are on a fixed schedule – schools require payment for tuition within the first week of classes, or require a deposit on tuition in order to allow students to register for classes at all.³⁵ Students also face the up-front costs of moving, housing and books, as well as other necessary materials to begin their studies.

CSLP financial aid, by contrast, can only be distributed to students after the first day of the study period. This is past the payment due dates at many schools and, as a result, many students are left without the funds they

require during the time when they need them most. The lack of payments in advance of studies creates an unnecessary hurdle, especially for those who lack alternative sources of financing.

Upfront costs are a significant barrier for lower income students.³⁶ Earlier disbursement of financial aid would assist in mitigating this issue.

» **CASA calls on the federal government to disburse CSLP student aid a minimum of one week before classes start or before any fee deadline set by PSE institutions.**

Lowering Interest Rates on Public Student Loans

Interest rates on student loans are well above the market rate. Students in Canada with public financial aid pay interest on their loans at a rate significantly higher than a bank's prime lending rate plus the government's cost of borrowing.³⁷



PSE is not only an individual investment. Rather, Canada is enriched socially and economically by an educated and skilled citizenry. PSE is fundamental to a competitive economy and to securing a higher quality of life for all Canadians. The current rates of interest charged on Canadian Student Loans are high and do not reflect the principles of the CSLP as a beneficial public program. The federal government must take a more progressive role in reducing student debt in Canada.

» **CASA proposes the federal government immediately reduce current interest rates on public Canadian Student Loans to the real government cost of borrowing as defined by the CSLP. These interest rates should be lowered with the final goal of eliminating any interest paid on Canadian Student Loans.**

³⁵ See for example "Tuition Deposit: New for Fall 2014" (University of Alberta). Accessed online: <http://www.registraroffice.ualberta.ca/Registration-and-Courses/How-to-Register/Tuition-Deposit.aspx>

³⁶ *The Impact of Bursaries: Debt and Student Persistence in Post-Secondary Education* (Montreal: Millennium Scholarship Foundation, July 2006). Accessed online: http://www.library.carleton.ca/sites/default/files/find/data/surveys/pdf_files/millennium_2006-07_rn-4_en.pdf

³⁷ *Actuarial Report on the Canada Student Loans Program as at 31 July 2014* (Ottawa: Office of the Chief Actuary, 2015), 12. Accessed online: http://www.osfi-bsif.gc.ca/Eng/Docs/CSLP_2014.pdf

Separation of Public and Private Interest Rates on Canada Student Loans

As described above, the interest rates on Canada Student Loans are excessively high. It is possible to get mortgages and car loans with lower interest rates than government student loans. Interest payments account for roughly a quarter to a third of the total amount of a loan's repayment. The reasons given for these high interest rates include the cost of servicing the interest while a student is in school and the risk associated with lending money to students. As such, interest rates are partly a function of the default rates of students in repayment. High default rates cause higher interest rates.

“It is possible to get mortgages and car loans with lower interest rates than government student loans.”

Students attending private for-profit institutions are at a significantly higher risk for default than similar students in the public system. The CSLP statistical review reports default rates for private institutions nearly

52% higher than the rates for college and 160% higher than the rate for universities.³⁸ Given the high default rates for private for-profit institutions, the aggregate interest rates across loans for both students at public and private institutions causes a disproportionate amount of interest to be paid by students in the public system. This negatively effects the affordability of public PSE.

CASA believes that students in the public system should not be burdened with the risk associated with private for-profit PSE institutions.

» **CASA calls for the aggregate repayment of Canada Student Loans to be separated into a repayment system for student borrowers who attended public institutions and one for those who attended private for-profit institutions. The level of interest paid on Canada Student Loans for each system should be re-evaluated given the respective risk profiles.**

Creating an Effective Appeals Mechanism

The CSLP determines a student's eligibility for financial aid through the needs assessment process, which calculates a student's expected costs and resources. If a student's costs are expected to outweigh resources, that student is deemed eligible for CSLP financial aid.

Many students find themselves in unique financial circumstances unanticipated by the CSLP needs assessment. The lack of a standardized national appeals process within the CSLP means students are forced to accept the varied decisions of provincial loans programs and in some cases must accept that nothing will be done to address their unmet financial need.

CASA calls for the CSLP to re-evaluate the needs assessment appeals process to ensure that students can acquire the financial assistance they need. Specifically, CASA recommends:

- » **Establishing a federal loan appeals process for the maximum loan amount and other decisions related to grants**
- » **That the appeals mechanism incorporates principles of fairness and efficiency, ensuring that students receive their decisions in a timely manner.**
- » **That the appeals mechanism should also share with the student the rationale behind the decisions made, as well as relevant contact information and any further available options for the student.**

Interest-Free Non-Repayment Period

Upon graduation, students with CSLP loans have a “non-repayment period” of six months, during which time they do not need to begin repaying their loans. During this period, however, loans do accrue interest. The accrual of interest during this period leads to even larger debt loads.

This is problematic because it can take a significant amount of time to find a job after graduation. The average duration of unemployment for job seekers as of 2016 was 19.8 weeks, or almost 5 months.³⁹ Giving new graduates sufficient time to find paying work without interest accruing on their loan would reflect the nature of the current job market without needlessly burdening students who already have debts.

“The average duration of unemployment for job seekers as of 2016 was 19.8 weeks, or almost 5 months.”

Some students are not aware that their loans do accrue interest during the “non-repayment period.” This period is also labeled a “grace period” in various information sources on financial aid. This creates confusion for stu-

dents, because when applied to credit cards, the term “grace period” specifically refers to a period during which payments are not required and when interest does not accrue.⁴⁰ This issue was acknowledged in the CSLP’s “Summative Evaluation” in 2011, which noted that “the term ‘grace period’ may be confusing to some borrowers” and “some provinces do not require interest to accrue on provincial student loans during this six-month period.”⁴¹ Indeed, Ontario and Alberta provide an interest-free 6 month non-repayment period on their provincial loans. This adds to the confusion for students who have provincial loans where no interest accrues, and federal loans where interest does accrue, during the same six month period.

Providing six months for new graduates to find work would acknowledge the realities of the time it takes to find employment in the current economy, better coordinate federal and provincial programs across the country and eliminate the unintentional accrual of unnecessary debt by students.

» **CASA advocates that the 6-month “grace period/non-repayment period” on Canada Student Loans be made interest-free.**

³⁹ *Labour force survey estimates (LFS), duration of unemployment by sex and age group, CANSIM Table 282-0048* (Statistics Canada). Accessed online: <http://www5.statcan.gc.ca/cansim/a26?lang=eng&id=2820048>

⁴⁰ “Student Loan Activist Says Feds Misuse Term “Grace Period,” *Maclean’s Magazine*, (June 1, 2009). Accessed online: <http://www.macleans.ca/education/uniandcollege/student-loan-activist-says-ottawa-misuses-term-grace-period/>

⁴¹ *Summative Evaluation of the Canada Student Loans Program - June 2011* (Ottawa, Employment and Social Development Canada, 2011). Accessed online: <http://www.esdc.gc.ca/eng/publications/evaluations/learning/2011/june.shtml>

Repayment Assistance

The Repayment Assistance Plan (RAP), announced by the Government of Canada in August 2008, is an income-contingent loan repayment program designed to mitigate the negative impacts of debt repayment, such as significant compounding interest costs. RAP replaced the Interest Relief and Debt Reduction in Repayment programs, which were designed to meet the same goal of mitigating the negative effects of student loan repayment. Since 2011, RAP has helped roughly 185,000 students repay their loans.⁴²

RAP ensures that loan repayments are only required when a borrower's income exceeds an established threshold. In other words, borrowers must only make repayments if they are earning above a certain amount. Under the current rules, introduced in Budget 2016, no loan payments are required for individuals with incomes below \$25,000. The income threshold above which repayment is required rises in relation to family size.⁴³ Above the established minimum income required for repayment, loan payment amounts are limited to a maximum of 20% of a borrower's income.

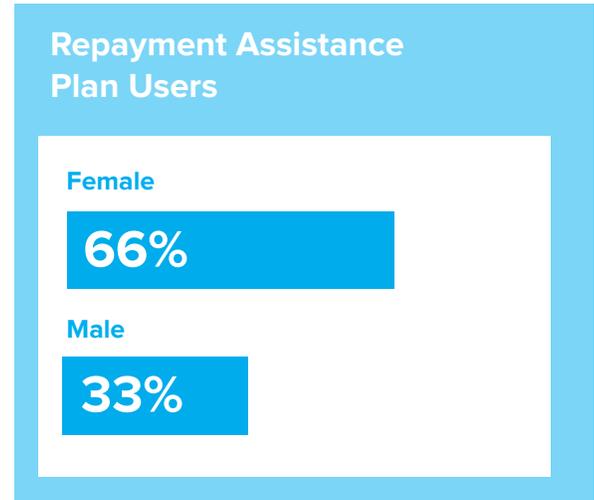
differential tax rates and cost of living variations. Additionally, borrowers who are currently in default are ineligible for RAP, unless they catch up on previous repayments and return to good standing. This creates a barrier for those most in need of the program to access its benefits.

RAP could also be improved for borrowers on Employment Insurance (EI). The income level below which individual borrowers do not have to make payments on their loans is \$25,000 per year. Currently the maximum amount that an EI recipient can receive is \$543 per week,⁴⁴ or \$28,236 per year. EI recipients face enormous cost pressures, as their income decreases significantly and quickly, but their costs for food, transportation, housing and utilities often do not change substantially. Under the existing model, however, EI recipients with student loans could potentially have to pay student loans because the maximum amount is above the RAP threshold.

“No loan payments are required for individuals with incomes below \$25,000.”

CASA sees benefits to RAP for students, including recognition of the need for affordable repayment terms based on an individual's income, the prevention of compounding interest on unpaid portions of a loan and the fact that all applicants who meet the eligibility requirements for the program receive support.

However, CASA also has concerns with RAP. One significant issue is that RAP assesses an affordable payment based on gross income rather than disposable income. CASA believes that the determination of an affordable payment should be based on after-tax income, recognizing provincial disparities due to



Relatedly, CASA would like to see a designated RAP option for borrowers taking parental leave, whether during or after completing their studies. Budget 2016's gender-based analysis noted that 60% of CSLP borrowers and 66% of RAP users are women.⁴⁵ The average age for giving birth for the first time was

⁴² *Canada Student Loan Program, Annual Report 2013-2014* (Ottawa: Employment and Social Development Canada, 2014). Accessed online: <https://www.canada.ca/en/employment-social-development/services/student-financial-aid/student-loan/student-loans/reports/csllp-2014.html>

⁴³ *Repayment Assistance Plan* (Employment and Social Development Canada, November 2013). Accessed online: http://www.canlearn.ca/eng/loans_grants/repayment/help/repayment_assistance.shtml

⁴⁴ *Employment Insurance Regular Benefits* (Economic and Social Development Canada, 2016). Accessed online: <http://www.servicecanada.gc.ca/eng/ei/types/regular.shtml>

⁴⁵ *Building a Strong Middle Class: Budget 2017* (Tabled in the House of Commons by the Honourable William Francis Morneau, March 22, 2017). Accessed online: <http://www.budget.gc.ca/2017/docs/plan/budget-2017-en.pdf>

28.5 in Canada in 2011,⁴⁶ and almost 200,000 individuals claim EI parental leave benefits annually.⁴⁷ The average post-secondary graduate ranges in age from 22 to 24⁴⁸ and the standard repayment timeframe for CSLP loans is 9.5 years.⁴⁹ Given that the average borrower is paying loans into their thirties, it is clear that many parents go on parental leave at some point while still in loan repayment.

Some new parents receive EI parental benefits plus an employer income top-up, but for many, parental leave brings significant income reductions. Many self-employed or precariously employed individuals are ineligible for EI parental benefits at all.⁵⁰ Some might therefore be eligible for RAP when on parental leave due to reduced income, but awareness levels for the program remain a significant concern. Others are likely ineligible because their leave income remains slightly above RAP eligibility thresholds, but their reduced income nevertheless makes loan payments a burdensome proportion of their income.

An additional concern with RAP is the requirement that eligible borrowers reapply every six months. Given the cumbersome application process, the requirement to frequently reapply places an excessive burden on program participants, for example through substantial paperwork, overly strict methods of confirming income and mail-in procedures after initial enrolment in the program. Relatedly, CASA is concerned with RAP usage and uptake. The usage rates show that while more RAP users come from university, the highest rates of RAP usage are found among private institutions by a wide margin. This is consistent with the generally lower achievement outcomes found among private programs. While many students are assisted by RAP, costs were approximately \$123 million in 2012-13 and \$141.5 million in 2013-14,⁵³ which was substantially less than the value of loans written off through defaults. This suggests that RAP would be more accessible if the program were streamlined, thereby helping more students avoid default and improving the overall sustainability of the CSLP.

“A dedicated RAP stream for parental leave would help fill this gap while also lending support to the participation of women in the workforce.”

This is particularly problematic because, experts note, monthly payments in relation to income under the current program are quite onerous for borrowers in the \$25,000 to \$50,000 income level.⁵¹ The EI parental leave benefit, after all, replaces “just 55 percent on an individual parent’s insured income, up to an annual ceiling (set at \$51,300 for 2017).”⁵² A dedicated RAP stream for parental leave would help fill this gap while also lending support to the participation of women in the workforce.

46 *Fertility: Fewer children, older moms* (Statistics Canada, November 13, 2014). Accessed online: <http://www5.statcan.gc.ca/olc-cel/olc.action?ObjId=11-630-X&ObjType=2&lang=en&limit=1>

47 Jennifer Robson, “Parental Benefits in Canada: Which Way Forward?” *IRPP Study 63* (March 2017): 3-4. Accessed online: <http://irpp.org/wp-content/uploads/2017/03/study-no63.pdf>

48 Meghan Dale, *Trends in the Age Composition of College and University Students and Graduates* (Statistics Canada, 2010). Accessed online: <http://www.statcan.gc.ca/pub/81-004-x/2010005/article/11386-eng.htm>; *2015 Graduating University Student Survey: Master Report* (Canadian University Survey Consortium, 2015). Accessed online: http://www.cusc-ccre.ca/CUSC_2015_Graduating_Master%20Report_English.pdf

49 *OSAP Repayment calculator* (Ontario Student Loan Program). Accessed online: https://osap.gov.on.ca/AidEstimator1718Web/enterapp/debt_calculator.xhtml; *Student loans, Revision of terms* (Employment and Social Development Canada). Accessed online: <https://www.canada.ca/en/employment-social-development/services/student-financial-aid/student-loan/student-loans/pay-back/revision-terms.html?wbdisable=true>

50 Leanne C. Findlay and Dafna E. Kohen, *Leave practices of parents after the birth or adoption of young children* (Statistics Canada, 2012). Accessed online: <http://www.statcan.gc.ca/pub/11-008-x/2012002/article/11697-eng.htm>; Jennifer Robson, “Parental Benefits in Canada: Which Way Forward?” *IRPP Study 63* (March 2017): 4. Accessed online: <http://irpp.org/wp-content/uploads/2017/03/study-no63.pdf>

51 Alex Usher, *Comparing International Student Loan Repayment Plans* (Higher Education Strategy Associates, November 30, 2016). Accessed online: <http://higherstrategy.com/comparing-international-student-loan-repayment-plans/>

52 Jennifer Robson, “Parental Benefits in Canada: Which Way Forward?” *IRPP Study 63* (March 2017): 3-4. Accessed online: <http://irpp.org/wp-content/uploads/2017/03/study-no63.pdf>

53 *Canada Student Loans Program: Annual Report 2012-2013* (Ottawa: Employment and Social Development Canada, September 2014). Accessed Online: http://www.esdc.gc.ca/eng/jobs/student/reports/annual/csulp_2013.shtml; *Canada Student Loans Program: Annual Report*

Finally, the repayment level above the income thresholds of 20% of a borrower's income is too high, especially for those earning above the income threshold of \$25,000 but still with relatively low incomes.⁵⁴ Lowering the repayment amount as a proportion of income from 20% to 10% of income would be far more manageable for those requiring repayment assistance, and RAP could also be expanded to more students by raising the income thresholds that qualify for zero payments.

“Lowering the repayment amount as a proportion of income from 20% to 10% of income would be far more manageable for those requiring repayment assistance.”

CASA calls for the following changes to RAP:

- » **Base the calculation of an individual's affordable payment on their after-tax income, rather than gross family income.**
- » **Eliminate the need for borrowers in default to begin payments before being eligible for RAP.**
- » **Exempt recipients of EI from being required to make loan repayments.**
- » **Offer a targeted RAP “parental leave” option for borrowers upon the birth or adoption of a child.**
- » **An improved, more efficient process of continued RAP enrolment, with renewal applications required no more frequently than once a year.**
- » **Reduce loan repayment as a percentage of income from 20% to 10%.**

2013-2014 (Ottawa: Employment and Social Development Canada, 2016). Accessed online: <https://www.canada.ca/en/employment-social-development/services/student-financial-aid/student-loan/student-loans/reports/cslp-2014.html>

⁵⁴ Alex Usher, *Comparing International Student Loan Repayment Plans* (Higher Education Strategy Associates, November 30, 2016). Accessed online: <http://higherstrategy.com/comparing-international-student-loan-repayment-plans/>

Summary of Suggested Changes

The Canadian Alliance of Student Associations is committed to ensuring that no qualified student is denied access to PSE. Student financial assistance helps students meet the costs of attending post-secondary institutions, and is critical to ensuring that a lack of financial resources are not barriers to access or persistence, regardless of background.

Indigenous Students:

- » Fully fund the PSSSP backlog and invest in financial assistance for all eligible First Nations and Inuit learners based on actual costs incurred.
- » Provide supporting PSSSP funds for administrative purposes to band councils.
- » Create financial assistance for all Indigenous students, including Métis and those without status.

Student Grants:

- » Create new measures of qualification for grants to target under-represented groups in higher education.
- » Extend Canada Student Grants to graduate students.
- » Index grants to “Education” component of CPI.

Students with Disabilities:

- » Increase the value of Canada Student Grants for Students with Permanent Disabilities by 50%
- » CSLP review its definition of “permanent disabilities” to better meet the diverse needs of students
- » CSLP offer a medical leave option of at least two years

Student Loans and Financial Aid Administration:

- » Lower interest rates to the government costs of borrowing and separate public and private loan streams, aiming towards the eventual elimination of interest rates.
- » Increase loan limits to address shortfalls in funding, and index maximum assistance levels to the “Education” component of CPI.
- » Disburse financial aid a minimum of 1 week in advance of PSE fee due dates.
- » Ensure all students have an accessible and simple appeals process with feedback on rationale and outcomes.

Repayment Assistance:

- » Immediately eliminate interest accrual on the 6-month “grace period/non-repayment period” for all student loans.
- » Base RAP calculations on after-tax income, and offer specific RAP programming for borrowers on EI and those taking parental leave.
- » Permit borrowers in default to become eligible for the program and streamline enrollment in RAP.
- » Reduce RAP repayment percentage of income from 20% to 10%.

With these reforms to Canada’s student financial aid framework, CASA believes that individual Canadians and the country as a whole will see ever greater benefits from a post-secondary education system that is truly accessible, affordable, innovative, and of the highest quality.

Our Members



About CASA

Established in 1995, the Canadian Alliance of Student Associations (CASA) is a non-partisan, not-for-profit, student organization composed of 22 student associations representing 255,000 post-secondary students from coast to coast. Through its partnership with the Quebec Students Union (QSU) and its 8 members representing 79,000 students, CASA presents a national student voice to the federal government. CASA advocates for a Canadian post-secondary education system that is accessible, affordable, innovative and of the highest quality.



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Canadian Alliance of Student Associations
Alliance canadienne des associations étudiantes



130 Slater Street, Suite 410, Ottawa ON, K1P 6E2



casa-acae.com



613.236.3457



info@casa.ca



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