

**Value For Money Review of  
Canada Millennium  
Scholarship Foundation (CMSF)**

*Final Report*

**Submitted by  
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The views expressed in this report are those of the authors and do not necessarily reflect the opinion of Human Resources and Social Development Canada (HRSDC) and the Government of Canada.

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## **Synonyms and Acronyms**

CMSF:	Canada Millennium Scholarship Foundation
CPI:	Consumer Price Index
CSG:	Canada Study Grants
CSLP:	Canadian Student Loans Program
FTD:	Future to Discover
ICCSFA:	Intergovernmental Consultative Committee on Student Financial Assistance
OAG:	Office of the Auditor General
PSE:	Post Secondary Education

## **Executive Summary**

The Canada Millennium Scholarship Foundation (CMSF) is a private organization created by a Parliament Act in 1998. The Government has committed to review the CMSF to determine if it is fulfilling its mandate.

### **Purpose of the Review**

The main purpose of the Review was to assess the extent to which the CMSF has fulfilled its objects and purposes and complied with certain requirements laid out in the Act. To make this assessment, our review was divided into two areas:

- **Operations of CMSF:** to determine whether operations of CMSF:
  - Granted scholarships in a manner that complements existing provincial student financial assistance programs and that avoids duplication with the processes of those programs, to the extent that it is possible to do so; and
  - Made every effort to keep the cost and expenses of carrying on its business and affairs as low as reasonably possible.
- **Student Assistance by Province:** to determine the impact of the provision of CMSF bursaries on the overall financial support of PSE students in Canada and, in particular whether provinces reinvested in funding for post-secondary education any amounts saved in cases where millennium bursaries took care of some of the needs of students previously met by a provincial bursary.

### **Approach to the Review**

#### **Operations of CMSF**

During the review, we obtained information regarding the administration of the Foundation and the way it carries out its business, including, in particular, its structural relationship with the provinces and the Foundation's own organizational and financial structure.

#### **Provincial Operations**

The provinces and territories were approached and a questionnaire was sent in order to assist in the collection of data. During the review three provinces were visited: Alberta, Nova Scotia and Newfoundland. We tried wherever possible to obtain information on expenditures on Post Secondary Education (PSE) student assistance from public documents and reconcile these data with other data made available from the provinces and Canada Student Loan Program (CSLP).

The provinces made undertakings to “reinvest” the “savings” from the provision of CMSF bursaries. Some of the “reinvestments” of the “savings” were applied by some

provinces to other forms of PSE support (e.g. grants to institutions of higher learning). We therefore attempted to track these figures over time to be able to corroborate the claims of those provinces which identified particular uses of the “savings”.

## **General Conclusions**

### **Operations of CMSF**

The administrative expenditures of the Foundation have been increasing significantly from year to year, much of this increase resulting from an extensive research program. In this regard, we were informed that research activities are, in the opinion of CMSF management, within the mandate of the Foundation and that they are very important in directing how the CMSF should provide PSE student assistance and thus providing responsible management of the Foundation’s program. It was also their concern that insufficient research efforts are being carried out elsewhere into PSE in Canada. If this is a valid argument, then the need could have been recognized back in 1998 or at least prior to the main start up of the program in 2000.

If indeed the Foundation carried out activities that some might conclude inappropriate, then the fault in our opinion lies in the fact that the governing Act was not sufficiently clear on the expectations laid out for the Foundation. We do not believe that the Foundation acted outside of the conditions laid out in the Act.

A key concern that has been raised before is the extent to which CMSF assistance has improved “access”. Many factors affect “access” including the level of assistance and also the timing of providing that assistance. In establishing the requirements of students meeting the conditions of need and merit, the Foundation chose initially to use as a measure of merit successful completion of 60% of one year of full time PSE studies. This resulted in the CMSF general bursaries in most cases not being available to students until the second year of a student’s PSE schooling.

Notwithstanding some of the discussions regarding what the monies were spent on, we are of the opinion, based on our examination of the systems, procedures and transactions of the Foundation that the Foundation’s activities have been carried out within reasonably low costs. The extent of our examination has not been sufficiently extensive to provide an assurance on this conclusion; nevertheless, we found no situations that made us question the reasonableness of the Foundation’s financial controls and transactions.

There is little need for immediate action relating to the current administration of the CMSF, given:

- The lack of serious criticisms of CMSF; and
- Its short remaining life under the present funding arrangement.

### **Student Assistance by Province**

In general, we found that the CMSF assistance has indeed “complemented” rather than substituted the provincial contributions to PSE student assistance.

In negotiating with the provinces and territories a cooperative and “complementary” approach to PSE student assistance, CMSF has, in our opinion, met that requirement of their mandate.

We examined the “reinvestments” by the provinces of the “savings” from the CMSF assistance. We have concluded that overall the data indicate that “reinvestment” occurred consistent with provincial undertakings.

### **Governance Structure**

The Foundation has exhibited flexibility, professionalism and a business-like approach to the conduct of its responsibilities and although there were variations in the opinions expressed by the provinces, we obtained a general understanding that the provinces have been satisfied with the way the Foundation has responded to their needs.

We did not encounter situations where we felt that a governmental or Parliamentary overview is seriously lacking. Nevertheless, we do have a concern that for proper accountability in the management of federal taxpayers’ money, should the government consider a similar funding arrangement, some additional oversight functions would be appropriate:

- More specific direction set out under the Act, (which for example would define whether research activities lie within the business of the Foundation);
- Mechanisms in place for more extensive governance by Parliament or the government to provide assurances that the Foundation is complying with the Act and intentions of the government (including government wide accountability requirements); and
- Means of providing periodic approval of the directions set by the Foundation, or the setting of new directions as the government’s priorities change.

If the federal government does decide to extend the activities of the Foundation beyond the ten-year period as mandated under the 1998 Budget Implementation Act with additional funding, through CMSF or an equivalent organization, we concluded that the following issues should be considered:

- the future structure and administration of the Foundation;
- the clarification within the Act, of the expectations from the Foundation, especially its role in research activities; and
- the review methods of providing direction to the activities of the Foundation (such as a mechanism to ensure clear accountability to the taxpayer through a Minister or Parliament).

In conclusion, we also noted that the Intergovernmental Consultative Committee on Student Financial Assistance is doing important work in collecting information on PSE expenditures. In this regard, we support the continued collection of data relating to the financial assistance provided PSE students across Canada.

## **1.0 Introduction**

### **1.1 The Canada Millennium Scholarship Foundation**

The Canada Millennium Scholarship Foundation (CMSF) is a private organization created by a Parliament Act in 1998. This Government has committed to review the Canada Millennium Scholarship Foundation to determine if it is fulfilling its mandate.

The Foundation's broad objects and purposes, and particular directions provided under this Act as approved by Parliament under the Budget Implementation Act, 1998, as follows:

1. To grant scholarships to students who are in financial need and who demonstrate merit, in order to improve access to post-secondary education so that Canadians can acquire the knowledge and skills needed to participate in a changing economy and society.
2. To make every effort to keep the costs and expenses of carrying on its business and affairs as low as reasonably possible.
3. To grant scholarships in a manner that complements existing provincial student financial assistance programs and that avoids duplication with the processes of those programs to the extent that it is possible to do so.

Under Section 29 of the Act, the Foundation is permitted to enter into administrative arrangements with the provinces as follows:

**29.** (1) If the Foundation is satisfied that it is consistent with its objects and purposes to do so, the Foundation may enter into an agreement with a provincial minister respecting:

(a) criteria for the determination of financial need and merit; and

(b) the provision to the Foundation of names of residents of the province who are determined under those criteria to be qualified to receive a scholarship from the Foundation and any supporting information that the Foundation considers appropriate.

### **1.2 Purpose of the Review**

The main purpose of the Review is to assess the extent to which the CMSF has fulfilled its mandate as defined in the Act, and complied with certain requirements laid out under

the Act, that set up the Foundation. The Review objectives are stated at the beginning of Sections 3 and 4 (see Sections 3.1 and 4.1).

Although it was recognized that a simple cause-effect relationship would be difficult to determine or prove, we were further asked by the Canada Student Loans Program (CSLP) to obtain information regarding the impact on student funding for post-secondary education (PSE) following the introduction of CMSF. In determining the levels of student assistance through the federal and provincial governments, we were requested to use as far as possible existing data sources and research. In addition, we were asked to refer to public statements (such as Annual Reports and provincial Financial Statements) to confirm that data collected was consistent with such financial statements.

This report has been divided into two areas of Review:

- The Operations of the CMSF (see Section 3); and
- Assistance to PSE Students by Province (see Section 4).

### **1.3 Evaluation Requirements**

In May 2003, an evaluation report was produced by the Institute of Intergovernmental Relations (Queen's University) in response to the requirements laid out in the Act under Section 37:

**37.** Within one year after the fourth anniversary of the coming into force of this Part, the Foundation shall cause a review and report to be made of its activities and organization.

The report was generally favorable. It concluded that the Foundation had met its legal and political mandate and had entered into agreements with all provinces and territories. It noted that the Foundation has been granting scholarships in a manner that complements existing provincial student financial assistance programs and avoided duplication with the processes of those programs. The report raised the issue of governance (such as the role of its Members), but did not explore this area very extensively, commenting that the root of these problems lay outside of the terms of reference of the evaluation.

Its main concern was the question of improving access. It concluded that the CMSF spending had reduced debt load but had unlikely improved access very much. "A much greater effect on access would almost certainly have been achieved had the money been directed toward unmet financial need that currently exists in the student financial aid system, thus providing additional support."

## **1.4 Scope of Work**

The activities carried out included:

- Background review of information and development of methodology and approach (the requests for information sent to the Foundation and the provinces are provided in Appendix D)
- Four visits to CMSF;
- Review of information obtained from provinces (except Québec and territories);
- Site-visits to Alberta, Nova Scotia and Newfoundland;
- Examination of financial controls and expenditures within CMSF;
- Data collection on PSE student aid across Canada; resolution of differences, as far as possible, in data collected (from published reports, the provinces and CSLP, excluding Québec and the territories); and,
- Analysis and interpretation of findings.

The Scope examined:

- Performance / operations of the CMSF;
- Expenditures on student aid; and
- Changes in provincial assistance (although not implying any cause-and-effect).

The Scope did not examine wider issues, such as:

- Fairness and access; and
- Success in meeting PSE objectives (especially with regard to particular demographic categories).

### **1.4.1 Review of the Operations of CMSF**

Under the terms of reference for this CMSF Review, we undertook a general review of the organizational and financial structure of the Foundation, including individual financial transactions, to form an opinion on the Foundation's attempt at:

“making every effort to keep the costs and expenses of carrying on its business and affairs as low as reasonably possible”.

The Foundation provided a number of documents and transaction files to allow us to understand the management and financial structure of the CMSF. Our approach in the review of these documents and pertinent statistical information can be summarized as follows:

- Discussions were held with program managers, the Director of Financial Operations and the Comptroller to understand the organizational model and the financial structure and controls implemented by the Foundation.
- A review of documentation, including all pertinent operational policies and financial statements.
- Follow-up discussions with the financial offices and program management, to clarify questions about the documentation and transaction files were then held.

### **Transaction File Review**

The Foundation supplied transaction files for the past two fiscal years i.e. 2005 and 2006.

Two major areas were randomly reviewed:

- staff travel files which included travel, hospitality and other expenditures effected by the staff, including travel files for all management and the CEO; and
- all contract files, including financial agreements or commitments with provinces.

In regard to staff files, both travel and AMEX were examined. For contracts and financial agreements, related expenditures were also examined.

#### 1.4.2 Consultations with the Provinces

Nine provinces were contacted and provided with questions regarding the administration of CMSF assistance and requesting data on student assistance (see Appendix D for the questionnaires distributed by e-mail). Under a prior agreement between officials in HRSDC, and the Government of Québec, the province did not participate in the Review.

Three provinces were visited on-site. This produced the following:

- Questions were provided before the visits to allow provinces to properly prepare;
- On-site discussions facilitated the understanding of provincial operations not only for the provinces being visited but also for those not visited;
- Visits to the provinces, including discussions with the co-chair of the Intergovernmental Consultative Committee on Student Financial Assistance ; and,
- The reviewers were well received thus facilitating an understanding of the project being executed.

By phone, e-mails and site-visits, we obtained extensive information from nine provinces. The quantitative data obtained was compared with the data obtained from CSLP.

The data obtained from different sources were not always consistent. We have tried, as far as possible, to resolve any differences in the data we have collected:

- Information from public documents;
- Data provided to us by the provinces; and

- Data available within CSLP (obtained from data collected through CMSF and directly from provincial sources, including ICCSFA).

## **2.0 Background and Context**

### **2.1 Post-Secondary Education in Canada**

Canada is a federation of ten provinces and three territories. Under the Canadian constitution, provincial governments have exclusive jurisdiction for all levels of education. There is no department of education at the federal level. The federal government provides indirect support to post-secondary education through fiscal transfers to the provinces and by funding university research and student assistance through programs such as the Canada Student Loan Program.

Canada's three territories do not have the same constitutional status as the provinces and in many areas are subject to more direct intervention from the federal government. With respect to education, however, the federal government has delegated this responsibility to the territorial governments, which, in turn, cooperate with the provinces to deliver post-secondary programs. Within the provinces under the various types of departments of education, there are district school boards administering the educational programs.

The maintenance and delivery of Canadian post-secondary programs is mainly the responsibility of individual educational institutions, which must operate within legislative and policy frameworks established by their respective provincial/territorial governments.

### **2.2 Establishment of the Canada Millennium Scholarship Foundation**

The Foundation was established by Bill C-36, which received Royal Assent on June 18, 1998 as the Budget Implementation Act. The purpose of CMSF was to provide financial assistance to post-secondary students who are in financial need and demonstrate merit. To carry out its legislative responsibilities, the government provided CMSF with a \$2.5 Billion endowment.

The main portion of the CMSF's funds has been allocated to its bursaries and scholarships programs discussed below in Section 2.3. As a result of the original endowment, and the income from the investments of the fund, the Foundation has disbursed approximately \$300 million each year to approximately 100,000 students. The CMSF is currently due to wind up with the 2008-2009 academic year.

In addition to the main general bursary program, CMSF administers the Excellence Awards program. In 2005-06, CMSF introduced Millennium Access Bursaries for students from low income families and other under-represented groups.

As described on the CMSF web site<sup>1</sup>, the Governance of the Foundation is structured as follows:

### 2.2.1 Members and Administration

The Canada Millennium Scholarship Foundation is neither a private corporation, nor a government department or agency. Its governance calls for the appointment of members as well as directors. The members play the role of trustees or shareholders, and the directors establish policy and assume the other responsibilities normally associated with individuals who sit on a Board of Directors.

### 2.2.2 The Structure

The first members and directors of the Foundation were announced in January 1999. The Government of Canada appointed Mr. Jean C. Monty as the Foundation's Chair in May 1998. The current Chair, Mr. Gérard Veilleux, was appointed in June 2002.

The governance structure of the Foundation consists of:

- A 15-person Board of Directors, which is accountable to the 15 members, governs the Foundation.
- The federal Government appoints the Chair of the CMSF and five other directors and the remaining nine directors are appointed by the members.
- The federal government appoints the first six members who then appoint nine further members.

All members and directors are private citizens from across Canada. They were selected on the basis of their knowledge of post-secondary education issues and the needs of the economy. At least one director must be a student enrolled at an eligible institution.

## **2.3 The Way the CMSF Operates**

The federal government provided the Canada Millennium Scholarship Foundation with \$2.5 billion in 1998 under a funding agreement signed by the Minister of Human Resources Development (now Human Resources and Social Development Canada) and the Minister of Finance. This agreement places responsibility on both departments and the Foundation. The Foundation's enabling legislation describes how the Foundation is to administer its funds and award its bursaries.

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<sup>1</sup> <http://www.millenniumscholarships.ca>

In turn, the CMSF negotiated with provinces and arrived at separate agreements with each province and territory for the General Bursary and the Access Grant Programs. These agreements detail the actions that are incumbent to both the CMSF and the provinces and territories.

Under the General Bursary and Access Bursary programs, the CMSF provides bursaries to undergraduate students based on financial need. In most provinces, a bursary is applied to the loan to reduce the debt. In some provinces or territories, it is added, or part of it is added, to the amount of the student loan.

Students may be considered for a General Bursary when they apply for student financial assistance from their province or territory of residence. In some jurisdictions, they must indicate on the student assistance application that they wish to be considered for the bursary; in others, they are considered automatically. As mentioned above, each year, beginning back in 1999–2000 and ending in the 2008–09 PSE school year, the Foundation expects to provide about 90,000 eligible students with about \$3,000 each (not including access bursaries). The Foundation also has an Excellence Award Program for students who demonstrate social and academic excellence.

Provinces and territories carry out the eligibility assessment for the Foundation's bursaries, as they do for the federal portion of the Canada Student Loans Program. As mentioned, the Foundation has a separate agreement with each of the ten (10) provinces and the three (3) territories to process its bursaries for which it pays administration fees for the eligibility and needs assessment services they provide. In 2006, the fees were about \$2.5 million.

Funding requests forwarded by the provinces/territories are reviewed by the Foundation's staff (for e.g. certain checks to ensure the total provided is within limits and allowed where an individual has changed province) and subsequently approved, in aggregate, by the CMSF's Board of Directors.

As described in CMSF publications, the Foundation's General Bursary Program represents approximately 95% of its annual bursary/scholarship program expenditures. The first bursaries were distributed in January 2000 to approximately 90,000 post-secondary students who demonstrated the greatest financial need. Students who apply for financial aid from the province or territory in which they reside are for the most part automatically considered for a bursary.

Launched in 2005, the Foundation's Access Bursaries help ensure that an even greater number of young Canadians can pursue post-secondary education. Due to the investment of its initial endowment, the Foundation will provide up to an additional \$50 million annually until the end of the 2008-09 academic year. The intent is to improve post-secondary access for students from families traditionally under-represented in post-secondary education, particularly those with low incomes.

The Foundation's Excellence Award Program constitutes up to 5% of the annual awards. Since the program started in June 2000, the Foundation has awarded close to 12,000 excellence awards worth nearly \$50 million. Awards are earned on the basis of academic merit, community involvement, leadership, and innovation.

Additionally, back in the year 2000 the Canadian Association for the World Petroleum Council (WPC) allocated a surplus to the Foundation to create a scholarship fund for post-secondary students who demonstrate academic merit and a high level of financial need in areas of academic pursuit relevant to the petroleum industry. Beginning in September 2002, the Foundation distributed 200 scholarships worth approximately \$3,000 each year and will continue until 2009 via its World Petroleum Council Millennium Scholarship Program.

The Foundation also has on file letters of commitment from each of the provinces/territories to reinvest provincial/territorial funds, saved as a result of the Foundation's Bursary Program<sup>2</sup>, back into Post-Secondary Education in that particular jurisdiction (the letters date back to the beginning of the program in 1999).

The Foundation has been conducting research relating to PSE, particularly in the area of access, studying the barriers to the pursuit of post-secondary education and the impact of policies and programs designed to alleviate them.

## **2.4 Forms of Assistance to PSE Students**

The forms of assistance include:

- Loans (Repayable Assistance);
- Grants, Bursaries and Remissions (Non-Repayable Assistance); and
- Other forms of assistance:
  - Interest free periods,
  - Debt forgiveness,
  - Fee rebates,
  - Tax allowances (both for savings towards post-secondary education and student fees), and
  - Grants to PSE institutions (which indirectly may permit these institutions to keep student fees lower than otherwise possible – although this cause-and-effect relationship would be difficult to substantiate).

### **Definitions and Form of Assistance**

In deciding how to interpret the data, the types of assistance needed to be defined.

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<sup>2</sup> For an explanation of "savings", see Section 4.3.3

In our view, the most important consideration was the total amount of assistance available to the student. To obtain this figure we have to add the “net loans” to the grants to arrive at a total annual funding made available to the students. If total loans are added to grants, then there is double counting and the level of assistance is exaggerated.

The way of obtaining “net loans” is to subtract from total loans issued, the amount of assistance in the form of grant that is used to reduce the amount of total loan outstanding at the end of the study period. In almost all cases, the CMSF bursaries are applied against the loan issued, thus replacing some of the loan with a grant. Furthermore, in most cases, the application of these funds against the loan applies to the provincial loan and not the federal loan. The similar grant assistance from the province can take different forms. Some are grants called “bursaries” that are used in the same way as the CMSF bursaries. Other assistance is termed “remissions” which, when applied to reduce the level of borrowing at the end of the current study period, are similar to the bursaries. However, “remissions” can also be applied at the end of the completion of studies.

In the case of Ontario, the rules were changed and in one particular year the net loans were in fact negative due to the large amount of payments made to the current year, *and past years*, student debt.

In most cases, we believe, scholarships received from outside sources also reduce the level of borrowing (rather than act as an add-on to the total level of loan allowed by the needs assessment). The way this occurs is that when making the needs assessment, any scholarship is entered as income (and thus reduces the total amount of borrowing a student can access).

## **2.5 The Delivery of PSE Assistance Based on Needs**

The basis for delivery of the Foundation’s Bursary Program is stipulated in the Budget Implementation Act 1998 and subsequent agreements between the CMSF and the Provinces and Territories. In regard to the assistance, it is specified that the Foundation’s work should be directed to assist students who meet the eligibility criteria, who are in financial need and demonstrate merit. The merit requirement for the general bursaries has been defined as successful completion of 60 per cent of a full year of studies at an eligible post-secondary institution and through continued enrolment in good standing as a full time student<sup>3</sup>.

For the assessment of financial need, the agreements with the provinces/territories specify, “The Foundation will accept the determination of students’ need by the Province based on the criteria established under the authority of the Provincial Program.” In practice, and because of the existence and use of the Canada Student Loans Program, provinces and territories have agreed to use the Canada Student Loans Policy Guidelines to determine eligibility and to calculate the student’s financial need. The agreements

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<sup>3</sup> There are some variations in these definitions, such as reference to “an approved course of studies”; and referring to previous year or previous ten years.

further state that “in making awards, preference shall be given to students in the greatest financial need.”

The attached appendix outlines the general basis for the needs assessment process (See Appendix A - CSL Needs Assessment Summary) and inherent complexities in implementing this process. In practice, the Foundation has accepted the various provincial/territorial definitions and practices for judging need. This practice is not completely the same or coherent across the different jurisdictions; various potential concerns surface in the actualisation of the needs assessment process. For example, there are different applications in the provinces and territories. Not all provinces have the same rules for what is considered required parental contributions and what should be considered assets, such as ownership of vehicles counted in some jurisdictions and not others.

### **3.0 Review of CMSF Operations**

#### **3.1 Review Objective**

The objective of this part of the Review is to assess whether or not the following objectives of the CMSF as set out in the Budget Implementation Act, 1998 are met:

- To grant scholarships in a manner that complements existing provincial student financial assistance programs and that avoids duplication with the processes of those programs, to the extent that it is possible to do so. Specific questions are:
  - What evidence exists to determine whether CMSF activities complemented provincial programs?
  - What evidence exists to determine whether CMSF activities duplicated the processes of provincial programs? (i.e. displacement of provincial investments in non-repayable assistance, repayable assistance, slowing of tuition increases, institutional investment, etc.).
- To make every effort to keep the cost and expenses of carrying on its business and affairs as low as reasonably possible. The specific question is:
  - What evidence exists to determine whether the Foundation kept administrative costs reasonably low?

#### **3.2 Approach Taken in Carrying Out this Review**

First, to carry out this Review we needed to define, or interpret, what is meant by “complement” and “keep costs and expenses .... as low as reasonably possible”

Secondly, we have attempted to assess:

- 1) The appropriateness of the way the Foundation has set up its programs and carried out the operations;
- 2) The extent that their activities are in compliance with their authorities;
- 3) Whether the controls in place are adequate to ensure costs are controlled and results are achieved; and
- 4) How well the operations are carried out (e.g. whether contracts are awarded on a competitive basis, whether the staff levels are kept to a minimum to achieve the objectives of the Foundation, etc.).

### **3.3 Key Concepts Applicable to the Mandate of the CMSF**

#### **3.3.1 Complement**

The concept of “complement” has both an administrative element and a program element. The following discussion, although raised in the context of the administration of the program, covers both aspects.

The general understanding of the meaning of “complement” in the context of the mandate of CMSF is multi-fold:

- The administration of the Foundation’s funding makes use of the existing provincial programs therefore there is no duplication, or very limited duplication, of administrative effort;
- The administration of the Foundation’s funding is consistent and in-line with the administration of the provincial programs:
  - the same needs assessment is applied,
  - there is flexibility in what is provided so that the CMSF bursaries can contribute to the provincial programs in a way that best fits the particular province’s needs, and
  - the process is coordinated so that there is not a competitive approach;
- The assistance is seen to be part of student assistance and although the source of the funds are recognized as federal, the student is provided the assistance at the same time, and within the same process, as when applying for provincial assistance; and
- (From a program perspective), the funding does not substitute the provincial funding with federal funding but ensures that the net sum is greater than without the Foundation’s bursaries and scholarships (and hence the importance of the provinces’ undertakings to invest the “savings” in other forms of financial assistance and additional funding to PSE institutions).

### 3.3.2 Net Impact

It is recognized that there is a finite student population and that unless the calculation of needs is adjusted to provide for more, the same amount of student monies is required. So part of the assistance (accepting the same student assessment process) is a zero sum approach. Thus the input of federal monies results in a decreased requirement for provincial assistance. The key impact of the CMSF funding is to substitute grants for loans – thus:

- 1) Improving the financial situation of the student (in the reduction in the amount of repayable funding); and
- 2) Possibly, although indirectly and of unclear cause-and-effect relationship, encouraging a larger group of students to continue in PSE.

### 3.3.3 Access to PSE

An objective of federal assistance (i.e. CMSF) was to improve access to PSE for Canadian students. Although the objective is clear, the means of operationalizing this objective is not straightforward. The key question is what helps access.

There are many factors that can impact on this:

- The confidence of a student that there are benefits associated with the PSE that can justify the costs of obtaining that education;
- Sufficient funding to:
  - allow the student to pursue the education (sufficient monies available during the study period); and
  - at the same time, without having an unbearable debt at the end of the study period;
- Removal of barriers (especially those faced by members of low income families); and
- Application of the “needs assessment” in a way that does not unfairly impact on any particular group of students (for example, those who have lower costs - who live at home / go to institutions with lower fees - receive lower assistance).

The Evaluation by the Institute of Intergovernmental Relations drew attention to the problem of assisting access. It commented that “public commitments that have governed CMSF operations neither offer a definition of access nor explain how its improvement might be measured”. The Evaluation study refers to studies in the US that have argued that “incremental student aid will have little or no effect on the post-secondary enrolment of students from low income families, largely because students’ ability to benefit from post-secondary education is determined well before the age at which they apply for university or college”.

In its conclusions, this study implied that to improve access, required additional monies to students to help them meet their costs of education, rather than simply change the form of student support from loan to grant.

The issue of access was raised in a letter from a group of student representatives<sup>4</sup>, which commented:

*“The Foundation’s mandate is to improve access to postsecondary education. That mandate has had to face great struggles; however the Foundation’s programs, until recently, have not provided funding to students in their first year, and have for the most part not provided students with any assistance in addition to what they would have received through student financial assistance. The Foundation has recognized this serious problem and is taking important steps in addressing accessibility. On the other hand, the targeted Millennium Access Grants are assisting students from low-income families in pursuing a postsecondary education, and the Foundation’s pilot projects across the country are finally getting to the root of the access problem.”*

The mandate provided the Foundation was intended, it seems, to meet more than one objective. Based on various statements of the different stakeholders, it appears that these objectives included:

- Provide an injection of federal funds, especially in the context of previous cuts in federal funding;
- Provide funds that could help to reduce student debt;
- Work in a cooperative manner with the provinces;

as well as meeting the objectives under the Act to:

- Grant scholarships to students who are in financial need and who demonstrate merit; and
- Improve access to PSE.

In this context it is recognized that access was only one of many objectives and that it would not be reasonable to focus primarily on this one in concluding on the effectiveness of the Foundation’s efforts.

#### 3.3.4 Keeping costs and expenses as low as reasonably possible

The interpretation of this is problematic. It does not say at “minimum cost” but “as low as reasonably possible”. It could be argued that this allows some flexibility in the use of administrative budgets. Alternatively, it may imply that only a minimal amount of money

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<sup>4</sup> Letter to CMSF from representatives of seven student organizations, 22 September 2006.

should be spent outside the provision of bursaries and awards – sufficient to issue the funding and to provide basic organizational overhead and no more. This latter interpretation is supported by the requirement of Section 26 of the Act:

“Subject to the amount required to pay the costs and expenses in carrying out its business and affairs, the Foundation shall make every reasonable effort to grant the amount paid to it under section 46, and any income arising from the investment of the amount, as scholarships over a ten year period beginning on the day the Foundation grants its first scholarship”

Logically it breaks down into:

- 1) What should monies be spent on;
- 2) How that money should be spent; and
- 3) How much can be spent within the constraint of reasonably low.

Under 1) above, a major question is whether the Foundation should be in the business of carrying out research. Additionally, in regard to bursaries, the question should include how “merit” is defined and how “need” is defined.

Under 2) above, it can be considered appropriate that when the decision was made to provide funding to the provinces to administer the funding on behalf of the CMSF, the concept of using provincial administration (which is already in place to administer student assistance) for processing applications and distributing the funds is consistent with the appropriate application raised in this point.

Under 3) above, the question is how much is reasonable. For example, we raise the question of whether the amount of funds provided to the provinces to handle the administration, was reasonable. We have not been able to determine, conclusively, how the amounts of payment were established, except that the figures were derived from negotiations with the provinces. The Foundation had consultants provide guidelines on costs but they did not establish a target figure before entering into negotiations with the provinces.

For example, we have compared the administrative costs of the student assistance program in Manitoba and found that the amount of funding provided by CMSF for administration amounts to 3.8% of Manitoba’s administrative funds, which in our opinion is reasonable.

### **3.4 The Appropriateness of the Way the Foundation Has Set Up its Programs and Carried Out the Operations**

#### 3.4.1 Method of delivery of the bursaries

The decision to arrange that the provinces administer the approval process and delivery of a joint program, for General Bursaries and Access Bursaries, has resulted in the removal of any duplication of administration.

Based on a description of the vetting process carried out by CMSF and its Board, we are of the opinion that the process of ensuring that the bursaries meet the terms and conditions laid down is carried out in an efficient and effective manner.

The administration of the Foundation's Excellence Awards, which represents about 5% of the total annual funding provided by CMSF, is conducted by CMSF itself and not through the provinces. We examined the number of staff administering the program, and their respective roles in managing the program, and concluded that the level of staffing was not unreasonable to administer the program. Furthermore, they make use of volunteers as part of managing this program. This is a sound and reasonable approach.

#### 3.4.2 Cooperative arrangements with the provinces and territories

The approach taken in negotiating with the provinces, has established a cooperative and complementary means of delivering PSE student assistance.

#### 3.4.3 Composition of the assistance to students

The CMSF has interacted with the provinces to encourage the provinces to undertake expenditures in such a way that the impact of the CMSF bursaries contributed to a net increase in student assistance rather than simply replacing what otherwise might have been provided by the province. The provinces provided CMSF letters of commitments regarding the "reinvestment" of "savings"<sup>5</sup> realized from the CMSF funding.

We understand that the provinces welcome the flexible manner in which the Foundation has worked with the provinces.

#### 3.4.4 Costs of delivering the bursary program

The principle of reducing duplication in processing applications for CMSF bursaries is sound. We are of the opinion, based on our calculation of proportion of support to the activities in Manitoba, that the amounts of payment to the provinces for administering the CMSF program are reasonably low.

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<sup>5</sup> For an explanation of "savings" see Section 4.3.3

#### 3.4.5 Assisting Student Access

In establishing the requirements of students meeting the conditions of need and merit, the Foundation chose to define merit initially as successful completion of at least 60% of one year of full time PSE studies. This resulted in the CMSF bursaries not being available to students until the second year under the general bursaries. Six years later, “merit”, for the Access bursaries, was defined as “having **obtained admission** to a post-secondary institution approved under the provincial program”.

Restricting assistance to those already participating in PSE studies has a valuable contribution to reducing student debt but may not necessarily increase access (especially those from a low income situation). Also, in most cases, the CMSF contribution reduced debt but did not necessarily increase the total amount of financial support available to the student. The Institute of Intergovernmental Relations (Queen’s University) Evaluation expressed concern as to the impact of the Foundation’s efforts with regard to increasing access to PSE.

#### 3.4.6 Other Activities (specifically Research)

Expenditures in the area of research have increased substantially over the past five years. Research has become a major component of General Administration and Program Management which has been increasing significantly over the last five years (as the graph below indicates). Expenditures on Policy Program Development and Research (including research on pilot projects relating to access) amounted to \$9.4 million in 2005, which was approximately 45% of total administration and management expenses or about 3% of the amount disbursed as bursaries in 2005. Although it was argued that research is important for understanding what assistance is needed by the student community, and therefore a responsibility of the CMSF to administer their program effectively and responsibly, it is difficult to conclude whether it properly lies or not within the mandate of the CMSF.

Further, if such effort is indeed appropriate, then such activity could have been carried out from the start of the Foundation’s life-span not towards the end of its ten year time-frame. Since they have only a ten year mandate, any research to be applied to their program responsibilities could have been undertaken earlier in the organization’s lifespan so that the business of their program could benefit from such research.

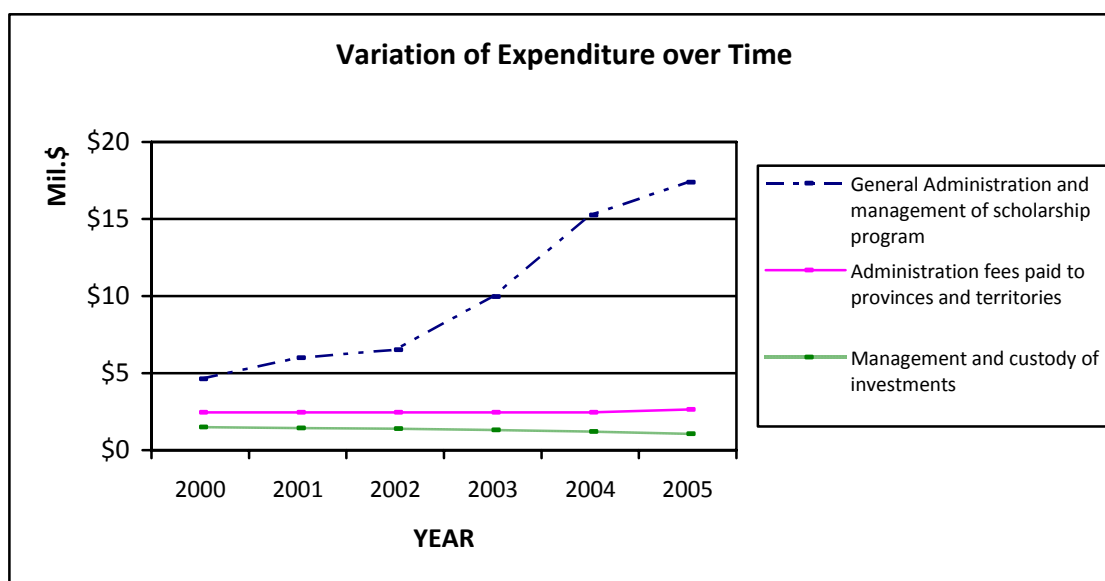
The Foundation has pointed out that the main component of the recent increases in the Policy Program Development and Research component of the Foundation’s budget is the expenditures on the Pilot Projects (\$7.6 million spent in 2005) and that this research took many years to develop before they were in a position to make the expenditures. They further noted that it was not until 2003 that they had conceived, negotiated and designed these initiatives. Although this provides a more detailed breakdown of expenditures on research, it does not alter the fact the amount spent on research in total is a large expenditure and has been increasing significantly towards the end of their mandate.

It is our opinion that the conduct of research, especially given the magnitude and timing of that research, cannot be claimed to be **clearly within** the mandate of the Foundation.

Yet, at the same time, the Foundation cannot be said to have acted **outside** of its mandate since the “business and affairs” of the Foundation were not defined under the enabling legislation.

### Annual Expenditures of CMSF(000’s)

Expenses	2000	2001	2002	2003	2004	2005
Bursaries and excellence awards	282,203	288,231	286,854	297,717	300,902	299,852
General administration and management of scholarship program	4,625	6,004	6,505	9,967	15,259	17,388
Administration fees paid to provinces and territories	2,458	2,458	2,458	2,458	2,458	2,633
Management and custody of investments	1,487	1,423	1,387	1,310	1,202	1,054
Total (\$ millions)	290,773	298,116	297,204	311,452	319,821	320,927



### 3.5 Systems and Procedures for Financial Controls

Discussions were held with the Chief Executive Officer, the Director of Finance and a Senior Program Director to understand the governance structure, Foundation policy and procedures, as well as management and systems controls.

It was found that the Foundation was typical of most well-managed organizations in that they had sound and representative documentation and practices for daily ongoing control of operational transactions and that these were generally well understood by senior managers and staff.

One point of general interest was that, according to the CMSF management interviewed, the Foundation had not received any significant audit comments since its inception (a recent Auditor General of Canada Report i.e. May 2007 would seem to substantiate this observance).

Overall, we were satisfied that the Foundation has reasonable financial controls in place.

### **3.6 Reasonableness of Expenditures**

We examined a detailed breakdown of expenditures for the years 2005 and 2006. We selected a series of expenditures to examine in more detail. These included:

- Expenditures on conferences;
- Travel expenses; and
- Contracts for various services.

In regard to conferences, we noted that approximately half-a-million dollars was spent in a year on conferences for recipients of the Excellence Awards. This cost included the arrangements to assemble participants from across the country. Given this initiative, the costs were reasonable. The issue then is whether such expenditures were appropriate. We recognize that this type of program is not unique to the Foundation and is pursued by other organizations to promote the interaction of Canadians from all parts of Canada. This in our opinion is not unreasonable an undertaking in promoting the participation of the award recipients and encouraging their development as Canadian citizens.

In regard to our examination of travel expenses, we did not identify any unreasonable or inappropriate claims. The claims were well supported by documentation on file.

In regard to contracts, we were provided with a list of contracts for 2005 and 2006 and a summary of contracts, broken down by size (less than \$25,000; between \$25,000 and \$200,000; and above \$200,000); and by type i.e. competitive bid or sole sourced.

From this list, we selected a sample of contracts for a more detailed examination. We were satisfied that an appropriate process was followed for the competitive bid contracts.

The percentage of competitive bid awards was, at times, and in our opinion, somewhat low but given the types of contract entered into (many with universities and government organizations) it could be considered reasonable. The extent of competitive bid awards increased in 2006 over 2005. In 2005, the proportion of non-competitive contracts awarded was 50% of the total. In 2006 this decreased to 25% of the total.

Although our sample size was too small to provide a high level of assurance, we were satisfied that on the basis of what was examined, the management of contracts was not inappropriate.

### **3.7 Conclusions Relating to the Operations of the CMSF**

We did not find any expenditures that were, in our opinion, excessive.

As we proposed in 3.3.4, in determining whether costs were kept as low as reasonably possible, we approached our analysis by focusing on:

- 1) What should monies be spent on;
- 2) How that money should be spent; and
- 3) How much can be spent within the constraint of reasonably low.

In examining what were the monies spent on, we addressed the following:

- 1) Whether all the areas of activity lie within the “business” of the Foundation;
- 2) Whether the interpretations of the mandate were implemented appropriately;
- 3) Whether the timing of these activities was appropriate.

#### 3.7.1 The Business of the Foundation

We cannot conclude whether or not certain activities, such as national conferences and research activities, do or do not lie within the mandate set out in the governing legislation.

If indeed the Foundation carried out activities that some might conclude inappropriate, then the fault in our opinion lies in the fact that the governing Act was not sufficiently clear on the expectations laid out for the Foundation. We do not believe that the Foundation acted outside of the conditions laid out in the Act.

#### 3.7.2 Interpretation of the Mandate

Irrespective of whether or not the Foundation did make the most appropriate interpretations of the intention of the Act, there could be criticism of the timing of such effort. Research efforts have increased significantly in the past few years. If this research is of value in determining how the bursaries should be distributed, then, we believe, the research effort should have been carried out at the start of the program not at the end of the program.

#### 3.7.3 Administering through the Provinces

The principle of arranging with the provinces and territories to administer the program on behalf of the Foundation meets the established requirements.

#### 3.7.4 Reasonable Low Costs of Administering the Program

Notwithstanding some of the discussions regarding what the monies were spent on, we are of the opinion, based on our examination of the systems, procedures and transactions

of the Foundation, that the activities of the Foundation have indeed been carried out within reasonably low costs. The extent of our examination has not been sufficiently extensive to provide an assurance on this conclusion but nevertheless, we found no situations that made us question the reasonableness of the Foundation's financial controls and transactions.

### 3.7.5 Operations of the CMSF

There is little need for immediate actions relating to the current administration of the CMSF, given:

- The lack of serious criticisms of CMSF; and
- Its short remaining life under the present funding arrangement.

## **4.0 Review of Assistance to PSE Students by Province**

### **4.1 Review Objective**

The objective of this part of the Review is to determine what was the impact of the provision of CMSF bursaries on the overall financial support of PSE students in Canada, and, in particular, whether provinces reinvested in funding for post-secondary education any amounts saved in cases where millennium bursaries took care of some of the needs of students previously met by a provincial bursary.

It was recognized that a simple cause-effect relationship would be difficult to determine or prove. Instead, we have simply attempted to determine the overall impact on student funding for post-secondary education (PSE) following the introduction of CMSF, without attempting to draw conclusions as to what factors caused any changes observed.

This objective was addressed by determining whether:

- the introduction of millennium bursaries served to cover some of the needs of students previously met by provincial bursaries;
- in cases where they did, whether the provincial government reinvested the savings in post-secondary education; and
- whether the implementation of the Foundation's programs leveraged any additional investments or improvements in student financial assistance on the part of provinces.

In addition, we were asked to further investigate the degree to which the Foundation's programs complement existing provincial student financial assistance programs, avoid duplication with the processes of those programs, and are administered at a cost that is as low as reasonably possible. Thus, a further objective is to: Assess the advantages and

disadvantages in terms of (1) complementing existing provincial student financial assistance programs, (2) avoiding duplication with the processes of those programs, and (3) keeping costs and expenses as low as reasonably possible.

In determining the levels of student assistance through the federal and provincial governments, we were requested to use as far as possible existing data sources and research. In addition, we were asked to refer to public statements (such as Annual Reports and provincial Financial Statements) to confirm that data collected was consistent with such financial statements.

## **4.2 Approach Taken in Carrying Out this Review**

The provinces and territories were approached and sent a questionnaire to assist us in collecting the data (see Appendix D).

We tried wherever possible to obtain information on expenditures on PSE student assistance from public documents. Or, where the level of detail was insufficient, to attempt to reconcile the more detailed information supplied by the provincial contacts with higher-level financial statements.

The process is complicated by the fact that:

- Financial statements usually are at a fairly high level of aggregation (and loans may not be identified in the financial statements);
- The administrative expenses are sometimes part of the statements rather than being separated out;
- Changes occurred in the organizational structure and financial reporting, therefore it was difficult to obtain comparative data for a longer period; and
- Websites were not always easily accessible and separate websites for estimates and actual are used (and contain data that does not go as far back as we need).

Where we could not substantiate the figures supplied by the provinces and territories, we took them as reliable (although wherever possible, we tried to ensure they reconciled with other data obtained – and if not, we tried to obtain explanations for any variances).

Some of the “reinvestments” of the “savings” were applied by some provinces to other forms of PSE support (e.g. grants to institutions of higher learning). We therefore attempted to track these figures over time to be able to corroborate the claims of those provinces that identified particular uses of the “savings”. However, in general, we did not collect data on such indirect assistance to students.

We have analyzed the data with regard to various considerations:

- General trends: particularly, whether there is evidence of “incremental” assistance from the provinces (i.e. whether the financial assistance from the provinces, after

the introduction of CMSF assistance, shows increases above the previous trends in assistance) which then allows us to assess:

- Support for claimed levels of provincial “reinvestment” of “savings” resulting from the CMSF bursaries;
- Whether the CMSF assistance “complemented” the provincial assistance or merely “substituted” for provincial assistance;
- Changes in the pattern of PSE student assistance, particularly the relationship between:
  - Federal / provincial levels of assistance; and
  - Loans / grants (i.e. repayable vs. non-repayable) forms of assistance.

### **4.3 Methodology and Approach**

#### 4.3.1 Measures of Impact

This Review did not attempt to measure the impact of the CMSF funding. The objective of this review is to assess whether the Foundation has been fulfilling its mandate and has been in compliance with specific requirements under the Act.

There are many measures of impact of government funding in the area of PSE. Most of these measures are beyond the scope of this Review. The only measures that we considered are:

- Ratio of federal to provincial funding and trends in this measure;
- Proportion of grants to loans in student assistance and the trends in this measure;
- Other forms of assistance (indirect funding of PSE institutions, reduction in student debt) and trends.

The above were only examined in the context of whether they showed that the CMSF assistance was “complementary” and whether the provinces did indeed reinvest their “savings” as intended.

If the provision of funds from the Foundation resulted in an equal reduction in the amount of funding provided by the province, the net impact would be zero. This would definitely not meet the CMSF criterion of “complementing” provincial assistance – it would show that the CMSF funding “substituted” the assistance provided by the province therefore would not constitute a net benefit to the student. We found that this did not occur.

#### 4.3.2 Accuracy of Data

In obtaining data on types and amount of student assistance, our focus was on general magnitudes of assistance. Consequently, we were not too concerned about the absolute correctness of the data, only the broad relationships and trends.

We found minor variations in the figures, which can be accounted for by:

- Differences in the year of reporting (fiscal year / loan year / calendar year).
- Differences between approved and distributed (some of those qualifying for assistance may not receive all the monies due to not completing the full period of study).
- Budgeted and actual (although in most cases the figures collected are for actual not budgeted).
- Changes from cash-based accounting to partial accrual accounting (we are of the opinion that the data are probably not that affected by these accounting procedures, since over the longer term they even out).

Also, our analysis focused on the main categories of assistance (and although special categories of student assistance are extremely important, they generally amount to a small proportion of total expenditures).

Having said this, it would be an advantage, in the future, to have similar definitions and consistent ways of measuring funding so that reliable figures can be used to monitor, and compare, the amounts of student assistance.

#### 4.3.3 Calculation of provincial “savings”

In this Review, we make reference to the “savings” identified by the provinces as a result of the provision of CMSF bursaries. Where CMSF bursaries have been used to reduce the level of provincial loans to students, the provincial expenditures related to loans are correspondingly reduced. The costs associated with the provision of provincial loan programs include: interest subsidy; interest relief; debt reduction; and the write-off of bad debts. These costs can amount to 30% or more of the value of the loan.

#### 4.3.4 The concept of “net” loans

It is common for the loans issued by the province to be reduced, either at the end of the student year, or at the end of the period of studies, by the application of remissions or grants that have the effect of reducing the total amount to be paid back by the student. In almost all cases, the CMSF bursaries have been used to reduce the total amount of student loans and almost all of such funding has been applied to the provincial loan not the federal loan. Thus there are two sets of figures representing the amount of student loans: one is the actual amount of loan approved, the other the amount of those loans that have to be repaid. The first is sometimes referred to as “gross” and the second as “net”. As pointed out in Section 2.4, if the gross figure is added to the amounts of grants, it exaggerates the amount of annual funding made available to the student because there is a certain amount of double counting.

#### 4.3.5 Incremental investment in PSE institutions

The provinces made undertakings to “reinvest” the “savings” resulting from the provision of CMSF bursaries to provincial students. In assessing the extent of these “reinvestments”, there are different ways that the analysis can be made. There is an implied concept that the amount should be the incremental amount rather than simply the amount that would have been expended without any undertaking to increase the levels of expenditure.

The question is what should be defined as the “base” level of expenditure against which to measure the incremental amount.

Alternative ways of defining the “base” for assessing the incremental amount would include:

- A static level before the introduction of CMSF funding
- The trend during the previous years
- A figure taking into account an inflation rate
- The amounts of expenditure required to continue the level of funding, taking into account any increases in demand (such as number of students enrolled, increases in operational costs due to inflation and/or changes in educational standards, investment projects already approved)

This last approach, although perhaps a valid option, would probably be difficult to measure and to collect the necessary data.

We took as our approach the assessment of any changes above the trend over previous years (which would likely incorporate some elements of inflation). In applying this approach we used a simple judgment on the extent of reinvestment rather than attempt a precise calculation of the increases. Within the intent of our review (which was to judge whether the claims of reinvestment were reasonable rather than conduct a full analysis) we felt this approach was adequate for our requirements.

#### 4.3.6 Assessment by the provinces on the amount of “reinvestment” of “savings”

Each province decided on how and where it would invest in PSE. The table in Appendix F provides information on provincial investments.

The provinces have recently provided their analysis of savings and concluded, with one exception, that the provinces met the objective of “reinvesting the savings” (as a result of the CMSF program) in PSE. We reviewed this material and tested whether the conclusions were valid.

### **4.4 Information Collected by Province**

The data, on which the following conclusions are based, are provided in Appendix B.

We collected data from the provinces (some provided in the form of spreadsheets, others by referral to public documents available on a website) and then compared these with the data already assembled by CSLP analysts.

In addition, we examined the claimed “reinvestments” (resulting from the “savings” to the provinces) which have been assembled by the Intergovernmental Consultative Committee on Student Financial Assistance (ICCSFA).

We believe the correct interpretation of these “reinvestments” is that they are expenditures in addition to what has already being spent. Thus, a new bursary program (unless it was replacing a similar program) could be considered a new initiative and thus a candidate for claimed “reinvestment”. However, if the grant program was already in existence, all that should be claimed are significant increases above the previous levels (greater than would be provided in accordance to increases in the cost of living – i.e. in line with adjustments relating to the CPI figure). Therefore, in our opinion, only incremental funding, rather than total funding should be calculated as a contribution to the “reinvestment” claimed by the province.

### **Summary of the Data Provided for the Review**

The CSLP made their data available to us and provided extensive assistance in our review of data collected.

Ontario, Manitoba and BC provided us with extensive data in response to our request. Information was obtained from Alberta during a visit to that province. We were referred to public documents by BC, Saskatchewan, Manitoba, Nova Scotia and Newfoundland. Unfortunately some of these were at a high level of aggregation and generally there were gaps in the information we were able to access. Nevertheless, this information was useful in providing alternative sources of information and to draw attention to problems with some of the data collected.

The Province of Québec did not participate in this Review.

No information was obtained from the territories. However, since they account for only a small proportion of total CMSF assistance, their exclusion does not impact on the overall conclusions.

## **4.5 Measurement and Reporting of Federal and Provincial Assistance to PSE Students**

The forms of assistance, described above, are complicated and vary considerably. We have noted inconsistencies in the way the data are presented. It is not an easy task to describe and present these data and even more difficult to be able to compare across provinces.

Nonetheless, this Review received considerable assistance from the provinces and the complexities were well explained, both by provincial representatives and by staff within CSLP. Nevertheless, there are certain areas where it has been difficult to obtain suitable data for analysis purposes and to resolve data problems. These problems are directly related to the difficulties in providing data on PSE financial assistance in a simple and consistent manner.

The Intergovernmental Consultative Committee on Student Financial Assistance (ICCSFA) has made considerable effort and progress in collecting data on PSE in Canada and has established good cooperation in the delivery of student financial assistance in PSE across Canada.

Despite these efforts, difficulties still exist in measuring and comparing the assistance. Reporting is on a volunteer basis rather than in response to legislated requirements. And, as is quite clear, the federal government's role is one of cooperation rather than constitutional.

Nevertheless, whether at the provincial level or the federal level, there is an expectation that all public funds should be properly accounted for and that there be clear governance and accountability in administering the funding.

There is no formal system in place to report to the federal government on the application and management of federal funds provided to the provinces for providing PSE assistance. For example, although there is an acceptance of a similar process for needs assessment, the application of that process is, however, not clearly reported on. There is an understanding that the funding for the provision of student loans is shared on a 60-40 basis. The actual share, and the process that may cause a variation from this intended formula, is not clearly documented and communicated.

Furthermore, the provision of financial assistance, whether from federal sources or provincial sources is closely tied together and it is a concern of the provincial authority that if the federal rules are changed this can impact on the policies and funding by the provincial government.

In summary, although it is the prerogative of the province to make decisions relating to education, there is an onus on the province to provide sufficient information to federal authorities on how the federal funds have been applied and accounted for.

#### **4.6 Results of the Analysis Conducted on Federal – Provincial PSE Student Assistance**

Presented below are the results of our data collection and analysis, province by province.

#### 4.6.1 British Columbia

We examined the “reinvestments” by the province of the “savings” from the CMSF assistance, using the data supplied by the province to estimate the incremental changes in level of provincial assistance. Our analysis showed that a substantial increase was made by the province and that it is greater than the amount of “savings” resulting from the CMSF assistance.

Total expenditures by the BC Government on PSE (Actual) increased from around \$100 million in 1996/97 to a peak of \$168 million in 2001/02 and has subsequently decreased back to around \$100 million in 2005/06.

Total loans have been increasing fairly steadily from \$196 million in 1993/94 to \$566 million in 2005/06. Of these loans, however, the provincial contribution was around a third, or less, of the federal contribution.

Total non-repayable assistance by the province has ranged from around \$66 million in 1996/97 to over \$115 million in 2001/02 and back down to around \$60 million in 2004/05.

In summary it is our opinion that the BC Government did increase its contributions in a manner that “complemented” the assistance from CMSF.

#### 4.6.2 Alberta

According to the data provided us, provincial grants and scholarships were reduced from 1996/97 to 1999/00 but increased significantly in 2001/02. Between 2001/02 and 2005/06, provincial grants and scholarships are shown to have increased significantly. This incremental amount is significantly greater than the “savings” realized from the CMSF assistance.

In our opinion, the Alberta Government did increase its contributions in a manner that “complemented” the assistance from CMSF.

#### 4.6.3 Saskatchewan

Part of the “reinvestment” effort in response to the “savings” claimed as a result of CMSF assistance is based on increases in operating grants to universities. We do not have sufficient information on grants and other funding, to PSE institutions, to confirm the levels of assistance provided by the province. We noted the province increased its level of remissions.

In our opinion, the Saskatchewan Government did increase its contributions in a manner that “complemented” the assistance from CMSF.

#### 4.6.4 Manitoba

The Student Aid Annual Report for 2004/05 provides a very clear picture of student aid in Manitoba.

About one year after the introduction of CMSF bursaries, Manitoba also introduced its own bursaries (at a level of between 50% and 80% of the amount of the CMSF assistance).

In our opinion, the Manitoba Government did increase its contributions in a manner that “complemented” the assistance from CMSF.

#### 4.6.5 Ontario

The level of student support within the Province was reduced by changing the criteria for providing support. The criteria were made more restrictive in 1998-99 but then restored to the previous criteria in 2004-05. We do not know whether this was because the federal government was providing more assistance or whether the decision was quite separate from the federal actions. In our opinion, these changes are not likely to be tied directly to the additional funds supplied by the federal government. Instead they probably reflect the priorities of the government at the time.

The Federal proportion of total student support has gone from approximately 50% to approximately 75 % over the measurement period. The Province of Ontario has identified “reinvestment” of “savings” resulting from the federal CMSF funding as an increase in funding to PSE institutions. During this period, such assistance increased significantly. Although we could not match the claimed reinvestments with the figures provided by the province, we nevertheless noted that the assistance to PSE institutions increased by at least the amount claimed. The province has pointed out that with regard to “reinvestments”, there are also several other areas where they have increased student assistance.

Except for a period of adjusting application of remissions, provincial assistance has increased non-refundable assistance from less than 25% up to 1996/97 to approximately 40 to 45% of total provincial support after that.

The financial information obtained from public documents was at too high a level of aggregation to compare with the detailed data examined.

#### 4.6.6 New Brunswick

There was some increase in provincial grants during the period of CMSF funding. Nevertheless, it would seem that CMSF assistance simply increased the level of assistance rather than induced an increase or a decrease in provincial support. The amounts of provincial grants in 2003/04 and 2004/05 were a little higher than the base

level of provincial grants. Thus the CMSF assistance could be said to “complement” the assistance being provided by the province.

Provincial loans seem to have increased slightly more rapidly than federal loans.

#### 4.6.7 Nova Scotia

From 1999/2000, grants to universities and colleges increased, on average at around 2.5% per year – not very large if translated into constant \$ but is consistent with the claim of the province that “savings” from the CMSF assistance were “reinvested” in grants to PSE institutions.

The proportion of federal to provincial loans has changed from 2:1 or better up to 1997/98 to around 3:1 thereafter – perhaps reflecting the impact of CMSF in reducing the level of provincial loans without affecting levels of federal loans.

#### 4.6.8 Prince Edward Island

There is some indication that the level of grants provided by the province has increased corresponding to the time that CMSF funding has been provided. During this time, provincial grants went up a little (perhaps 50% in current \$). Thus at least, the provincial PSE student support did not decrease with the provision of CMSF assistance and therefore we can say that the CMSF assistance “complemented” the provincial efforts.

Federal loans over the last ten years have increased more rapidly than have the provincial loans.

#### 4.6.9 Newfoundland

The claimed “reinvestment” in PSE institutions in response to the “savings” from the CMSF bursaries is supported by the information collected.

#### 4.6.10 Canada as a Whole

Overall, the provinces have indeed “reinvested” the “savings” according to their commitments.

The data clearly demonstrate that overall, with the injection of financial assistance from CMSF there was not a corresponding cutback by the provinces over the life of CMSF i.e. the assistance to the students definitely did not amount to a “zero” net gain. The overall assistance was certainly an incremental benefit to the students and thus, the funding from the Foundation “complemented” the efforts of the provinces.

## **4.7 Assessment of Impact on Levels of Student Assistance**

From the data in Appendix B, we have attempted to provide a summary of the changes in levels of PSE student assistance.

The analysis focused on:

- The Federal share of total loans;
- The Federal share of total non-repayable assistance;
- The total non-repayable as a share of the total assistance; and
- The increase in non-repayable assistance provided by the provinces since the introduction of CMSF assistance.

The results of this analysis are provided in Appendix C.

It must be emphasized that the level of confidence on the figures provided is not high due to problems with the reliability of some of the supporting data.

From the analysis we have conducted, we have concluded, in general, the following trends:

- The Federal share of total loans has been increasing;
- The Federal share of total non-repayable assistance has been increasing;
- The total non-repayable as a share of the total assistance has been increasing (both due to federal funds and to increases in provincial non-repayable assistance); and
- The non-repayable assistance provided by the provinces has, in general, increased significantly since the time of the introduction of the CMSF program.

## **4.8 Conclusions Relating to the Impact of CMSF Assistance**

To draw any conclusions of cause-and-effect is not reasonable – the important thing is what has been the picture overall. In general, we found that the CMSF assistance has indeed “complemented” rather than substituted the provincial contributions to PSE and student financial assistance.

In negotiating with the provinces and territories a cooperative and “complementary” approach to PSE and student financial assistance, CMSF has, in our opinion, successfully met that requirement of their mandate.

We examined whether there is evidence of the “reinvestments” of the “savings” from the CMSF bursaries and scholarships and have concluded that overall the data indicate that “reinvestment” occurred consistent with provincial undertakings.

Some of the benefits of the “reinvestments” took the form of increased assistance to PSE institutions. If such assistance has indeed helped the institution to avoid increases in tuition fees, or helped to reduce the amount of increase that would otherwise have occurred, or provided improved quality of education, then it could be argued that this, indirectly, assisted the student. To prove such relationship would be exceedingly difficult.

Nevertheless, such “reinvestment” of “savings” should be considered acceptable within the overall framework of the CMSF initiative – in a statement released by HRDC, it was declared (in addressing CMSF funding for Québec) that “neither the Government of Canada nor the Millennium Scholarship Foundation will decide how the Government of Québec should reinvest the savings it might realize. These sums could be devoted to funding universities, for example, or the Government of Québec could decide to reduce the ceiling on student loans”.

The establishment of agreements with the provinces for a shared approach to the funding of PSE may have assisted the respective governments to make sure that the support for PSE has remained a priority. In that sense, and in particular individual cases, it might be possible to suggest that there was some “leverage” in encouraging provinces to increase their non-repayable assistance but there is likely insufficient evidence to suggest that this was in anyway significant across the country.

We have not, within the scope of this Review, determined whether there are any adverse patterns – such as increasing level of student debt (including both private and from the federal and provincial governments), or an increase in the amount of part-time employment by full-time students – that could raise questions regarding any positive conclusions relating to the overall impact on PSE student assistance. Thus our findings relate to the extent that CMSF funding has “complemented” provincial assistance; NOT as to whether the joint efforts of the federal and provincial governments have met the needs of students and/or whether the aggregated assistance has increased or decreased, in relation to student needs, over the period of CMSF funding.

## **5.0 Discussions Relating to Governance**

### **5.1 Governance and Scope of the Review**

In addressing the main purposes of the Review, which is to assess the extent to which the CMSF has fulfilled its mandate as defined in the Budget Implementation Act 1998 and complied with certain requirements laid out under the Act, this Review used as the starting point the requirements laid out under this Act.

In other words, this Review included within its scope, an examination of the governance structure under which it operates. In particular, in attempting to assess whether the CMSF complied with the requirement that the Foundation kept its costs as low as reasonably possible, the Review referred back to the requirement laid out in Section 20 (2) of the

Act, namely “that the Foundation shall make every effort to keep the costs of carrying on its business and affairs as low as reasonably possible”.

It is normal not only to examine the performance of the organization but also the controls in place to ensure satisfactory performance. The reviewer should not just conclude on what occurred but also on any risks that might be associated with those operations even if no evidence existed that the risks had resulted in unsatisfactory performance. Thus the governance structure under which an organization operates needs to be examined as well as the actual results under that governance structure.

## **5.2 Performance within the Governance Structure**

The Foundation has exhibited flexibility, professionalism and a business-like approach to the conduct of its responsibilities.

Although there were variations in the opinions expressed by the provinces, we obtained a general understanding that the provinces have been pleased with the way the Foundation has responded to their needs.

Except for our contacts with the provinces, we did not include in this Review any inputs from stakeholders. Therefore we are not in a position to comment generally, whether favorably or unfavorably, on how well the Foundation has been serving its stakeholders.

It is beyond the scope of our Review to conclude whether the ongoing directions set by the management and Board of the Foundation, through its collective knowledge and consultation with stakeholders, are the most appropriate or whether additional mechanisms should be in place.

## **5.3 Need for Clearer Direction**

We did not encounter situations where we felt that a governmental or Parliamentary overview is seriously lacking. Nevertheless, we do have a concern that for proper accountability in the management of federal taxpayers’ money, some additional oversight functions would be appropriate:

- More specific direction set out under the Act (which for example would define whether research activities lie within the business of the Foundation);
- Mechanisms in place for more extensive governance by Parliament or the government to provide assurances that the Foundation is complying with the Act and intentions of the government; and
- Means of providing periodic approval of the directions set by the Foundation, or the setting of new directions, as the government’s priorities change.

On the other hand, despite our concern to see a clear governance structure within the authorities of the government, we recognize the value of independence from

interventions, or redirection that could cause concerns among the provincial authorities or uncertainty within the student community.

## **5.4 Conclusions Relating to Governance Structure**

### 5.4.1 Governance Structure and Administration of CMSF

Although we have concluded that the Foundation has performed in a responsible and effective manner, this still does not remove the concern as to whether an organization, as established under this type of governance, would always be sufficiently responsive to the direction that should be set by the government.

It is concluded that if the federal government does decide to extend the activities of the Foundation beyond the ten-year period as mandated under the 1998 Budget Implementation Act with additional funding, through CMSF or equivalent organization, the following should be addressed:

- the future structure and administration of the Foundation
- Clarify within the Act, or within additional Regulations, the expectations of the Foundation, especially its role in research activities
- Review the methods of providing direction to the activities of the Foundation (such as a mechanism to ensure clear accountability to the taxpayer through a Minister or Parliament - consistent with any developments in government wide accountability requirements).

### 5.4.2 Measurement and Reporting of PSE Assistance

We have found it difficult to obtain a clear set of figures regarding the level of PSE assistance across Canada. We believe that clear and reliable information is of value in understanding the state of PSE financial assistance in Canada. Research can help to determine appropriate forms of assistance to achieve government (federal and provincial) objectives but government decisions need to be supported by clear data on the levels of assistance.

We noted that the Intergovernmental Consultative Committee on Student Financial Assistance is doing important work in collecting information on PSE expenditures. In this regard, we support the continued collection of data relating to the financial assistance provided PSE students across Canada.

## **Appendices**

## Appendix A CSL Needs Assessment Summary

### Summary of Need Assessment Procedures

ITEM							Criteria
A. STUDENT CATEGORY	SDH	SDA	SIH	SIA	M/CL	SP	
<b>B. COSTS</b>							
1. Tuition and Compulsory Fees	X	X	X	X	X	X	Actual amount
2. Books and Supplies	X	X	X	X	X	X	Actual or allowances, subject to \$3,000 maximum
3. Student Living Allowance	X	X	X	X	X	X	Standard allowance, regionally based, per Table 3
4. Return Transportation		X					Standard allowance, regionally based
5. Child care					X	X	Actual or allowances, subject to Table 4 ceilings
6. Other Allowable Costs	X	X	X	X	X	X	Actual amount (documentation where appropriate)
7. Discretionary Costs	X	X	X	X	X	X	Discretionary (documentation where appropriate)
Total Costs for Study Period	X	X	X	X	X	X	Sum of items 1 to 7
<b>C. RESOURCES</b>							
8. Pre-study period contribution	X	X	X	X	X	X	Greater of 80% of discretionary income from pre-study period and the MSC for the student category (Table 7)
9. Contribution from study Period	X	X	X	X	X	X	- 100% of net income in excess of \$50 per week of study (includes part-time earnings, severance packages, investment earnings, insurance settlements, etc.), scholarships, bursaries and assistantships). - 100% of merit-based scholarship awards, less a maximum \$1,800 exemption.
10. Assets of Student and Spouse or Common-law Partner							
a) RRSP	X	X	X	X	X	X	Actual less \$2,000 for each year out of secondary school
b) Other financial assets	X	X	X	X	X	X	Actual amount
c) Vehicles	X	X	X	X	X	X	Total market value, less \$5,000 deduction
11. Parental Contribution							
a) Income	X	X					Weekly contribution based on family income and size

b) Assets	X	X					Discretion of appropriate authority
12. Other Resources	X	X	X	X	X	X	Actual amount (includes social assistance and other targeted resources)
Total Resources	X	X	X	X	X	X	Sums of items 8 to 12
<b>D. ASSESSED NEED</b>	X	X	X	X	X	X	Total Costs minus Total Resources

<b>Student Categories</b>	
<b>SDH</b>	Single Dependent student living at Home
<b>SDA</b>	Single Dependent student living Away from home
<b>SIH</b>	Single Independent student living at Home
<b>SIA</b>	Single Independent student living Away from home
<b>M/CL</b>	Married or common-law student
<b>SP</b>	Single Parent student

## **APPENDIX B**

### **Provincial Data**

This Appendix contains the data collected from both provincial sources and data supplied by CSLP. We found certain differences in the data collected.

Many of the differences can be explained by:

- Timing (figures may represent expenditures by fiscal year or by school year)
- Status (authorized or expended – not all authorized assistance may be used because of changes in student participation)
- Full-time or part-time – generally data are of full-time and full-time represents major amount of the expenditures

Our interest in the data is to determine major trends or changes – we are looking for reliable but not necessarily precise figures – our intentions are not to verify the accuracy of the data.

In general, we have taken either the detailed information supplied us directly by the province or the data available from CSLP and then tried to verify these data against any publicly published material in the form of annual reports. Any minor variations have been ignored but where there have been significant differences, we have drawn attention to the problem.

On the basis of those data, we have examined trends in provincial assistance and determined whether these efforts complement the assistance provided through CMSF or on the contrary, reduce their assistance with the effect, from the student's perspective, of simply substituting federal funds for provincial funds.

This analysis focused on the ratio of federal funds to provincial funds and on the ratio of non-repayable to repayable assistance. For the purposes of these calculations, we took net loans rather than gross loans as the basis of "repayable". We consider an increase in the proportion of non-repayable a positive result from the student's perspective.

Also, we have examined the provincial "reinvestment" statements (in response to the "savings" as a result of CMSF funding) and noted any situations where we found our analysis of the "reinvestment", identifying the "incremental" amount of assistance, may have been different from those figures reported by the province.

## **B-1: British Columbia Data**

	1	2	3	4	5	6	7	8
<b>BC</b>	TOTAL Budget	TOTAL Actual	FEDERAL LOANS	PROV LOANS GROSS	PROV Non-Repayable	CMSF	FEDERAL OTHER Non-Repayable	PROV LOANS NET
93-94			139	73	49			57
94-95			194	60	45			45
95-96			193	69	48			56
96-97		113	208	114	69		1	100
97-98		94	235	123	72		2	108
98-99		120	217	136	80		14	117
99-00		130	242	138	104	35	17	80
00-01	133	130	294	124	121	37	21	67
2001-02	154	168	308	128	148	37	12	74
2002-03	157	162	328	175	112	39	16	127
2003-04	165	142	342	174	103	39	15	130
2004-05	136	111	314	207	58	37	21	~ 160 est
2005-06	135	110	351	284	67	38	22	215

## **Notes on BC Data**

### **Assistance from Province**

We were provided with detailed information by the province and reference to website material. This was in the form of: print-outs of financial breakdown for 2000/01 to 2005/06; and from spreadsheet summary (1996/97 – 1999/00); and from e-mails with additional information.

### **Sources of data in columns**

- Total expenditures on PSE in BC obtained from financial statements (Budgets in column 1 and Actuals in column 2).
- Checked in case of 2005/06 and found aggregate of detailed breakdown was consistent with financial statement of actual of \$109.9 million (compared to budget of \$135.5 million) – major components were:
  - Student Financial Assistance program: \$10.6 million
  - Interest relief: \$1.0 million;
  - “Passports”: \$7.8 million;
  - Debt reduction: \$1.5 million;
  - Scholarships: \$5.4 million;
  - BC Loan reduction program (replacing BC Grant program): \$31.4 mil;
  - Student loan service support: \$7.3 million;
  - Student loan program costs (debt servicing / bad debt / etc.): \$32.2 mil;
  - Adult basic education: \$4.3 million; and
  - Various grants (World school / Premier’s excel / disabled / Nurses / etc): \$7.0 million
- Federal loans (column 3) obtained from CSLP.
- Provincial loans (column 4 and 8) obtained from CSLP – some differences from original BC data.
- Prior to year 2000-01, the loans were administered through banks rather than by the Government of BC.
- Data issues:

- The province only provided remissions for 1996/97 to 1999/00 (from spreadsheet provided by province) – CSLP data cover additional years.
- CSLP data for non-repayable assistance from the province differs from the figures provided by the province (columns 5) for the years 1999-2000 to 2003-04.
- Data on CMSF bursaries (column 6) and “other federal grants” {CSG} (column 7) obtained from CSLP.

### **Analysis**

Total expenditures by the BC Government on PSE (Actual) increased from around \$100 million in 1996/97 to a peak of \$168 million in 2001/02 and have subsequently decreased back to around \$100 million in 2005/06.

Total loans (column 3 plus 8) have been increasing fairly steadily from \$ 196 million in 1993/94 to \$566 million in 2005/06 (in current \$).

Total non-repayable assistance by the province (columns 5) has ranged from around \$66 million in 1996/97 to a peak of \$116 million (or \$148 million) in 2001/02 and back down to \$84 million in 2003/04 but then was reduced by half (to \$41 and \$48 million in 2004/05 and 2005/06 respectively).

## **B-2: Alberta Data**

	1	2	3	4	5	6	7	8
<b>ALBERTA</b>	FEDERAL LOANS	PROV LOANS GROSS	PROV Remissions	PROV SCHRSHIP	PROV GRANTS	FEDERAL GRANTS CMSF	FEDERAL GRANTS Other	PROV LOANS NET
94-95	126	112	16	13	22			97
95-96	155	88	19	13	24		0.3	69
96-97	163	101	23	12	20		0.8	78
97-98	156	113	25	12	10		0.9	89
98-99	157	104	34	13	17		6	70
99-00	171	100	39	19	17	28	8	61
00-01	188	111	34	23	18	26	9	77
2001-02	185	97	35	29	39	22	8	62
2002-03	191	92	40	35	45	27	9	2
2003-04	205	91	53	37	53	28	10	38
2004-05	204	92	47	40	56	29	10	45
2005-06	215	80	40	47	37	27	13	40

## **Notes on Alberta Data**

### **Assistance from Province**

We were provided with detailed information by the province. This was in the form of two sets of data: 1989/90 to 2001/02 and 1994/95 to 2006/07 and other materials.

### **Sources of data in columns**

- Federal loans (column 1) data supplied by province – CSLP data reasonably similar – only slight differences.
- Provincial loans (column 2) data supplied by province – differences between these data and the CSLP data on provincial loans prior to 1993/94.
- Provincial remissions (column 3) data supplied by province for up to 2001/02 – subsequent years supplied by CSLP.
- Provincial grants (column 4) and provincial scholarships (column 5) supplied by province
- Remissions (column 3) given in table provided by Alberta for 1989/90 to 2001/02 but not in table for 1994/95 to 2006/07 – missing data supplied subsequently.

### **Analysis**

- Significant increases in provincial grants and scholarships from 2001/02.

**B-3: Saskatchewan Data**

	1	2	3	4	5	6
SASKATCHEWAN	FEDERAL LOANS	PROV LOANS GROSS	PROV Remissions	FEDERAL GRANTS CMSF	FEDERAL GRANTS Other	PROV LOANS NET
93-94	58	43	12			31
94-95	63	40	11			30
95-96	56	41	12			29
96-97	57	44	12			32
97-98	58	46	16			30
98-99	68	50	19		5	31
99-00	73	57	28	10	5	25
00-01	79	60	24	10	5	22
2001-02	79	59	25	10	5	20
2002-03	74	57	25	10	5	18
2003-04	76	60	21	9	6	26
2004-05	71	60	18	9	6	28
2005-06	81	55	23	9	7	18

**Notes on Saskatchewan Data**

**Assistance from Province**

We were provided reference to website material. Detailed information, including historical data, was contained in the Saskatchewan PSE and Skills Training Annual Report of 2001/02. Only information on loans was found in the Saskatchewan Learning Annual Report of 2005/06. Other annual reports (for the years 2004-05, 2003-04 and 2002-03) were not found.

We were also referred to the data that they had already provided CSLP.

We do not have sufficient information on grants and other funding to PSE institutions to determine the levels of assistance provided them by the province.

**Sources of data in columns**

- Federal loans (authorized) from CSLP data – not consistent with the data from the annual reports – differences less than 10%.
- Provincial loans (authorized) from CSLP data – consistent with the data from the annual reports.
- Provincial remissions (including loan forgiveness program) from CSLP data – consistent with the data from the 2001/02 Saskatchewan annual report but only covered up to the year 2001-02.

**Analysis**

- Provincial remissions increased in 1999-2000 by around \$9 million per year and have remained at this higher level.

## **B-4: Manitoba Data**

	1	2	3	4	5	6	7
Manitoba	FED LOANS	PROV LOANS GROSS	Prov Bursaries	Prov Other G	CMSF	Other Fed	PROV LOANS NET
93-94	39	7		1			7
94-95	36	20		1.4			20
95-96	41	22		1.3		0.2	22
96-97	41	25		1.6		0.3	25
97-98	40	25		1.6		0.3	25
98-99	37	24		1.3		1.5	24
99-00	42	27		1.6	11	2	17
00-01	43	26	5	1.9	10	2	11
2001-02	40	21	5	2.1	10	2	6
2002-03	40	21	6	2.2	12	2	5
2003-04	41	21	6	2.5	11	2	6
2004-05	38	20	4	2.6	11	2	6
2005-06	47	27	8	2.1	11	4	10

## **Notes on Manitoba Data**

### **Assistance from Province**

We were provided spreadsheets.

We were also provided reference to website material. Two forms of Annual Report were obtained: Advanced Education and Training (2004-05 and 2005-06) and Student Aid (2004-05). The latter produced useful information.

### **Sources of data in columns**

- The federal loans data (column 1) are from data supplied by the province – the data available from CSLP and the figures provided in the Student Aid Annual Report 2004/05 are similar – some minor differences.
- The provincial loans data (column 2) are from data supplied by the province – the figures provided in the Student Aid Annual Report 2004/05 are similar – some minor differences.
- Manitoba Bursaries (column 4) and “Other Grants” (column 5) are from data supplied by the province – similar to figures in the Student Aid Annual Report 2004/05 – some minor differences.

### **Analysis**

- The initial data received from the province contained errors which have now been corrected. Complementing the CMSF assistance, Manitoba introduced its own Manitoba Bursaries (as shown in column 3).

## B-5: Ontario Data

	1	2	3	4	5	6	7	8	9
ONTARIO	FEDERAL LOANS	PROV LOANS GROSS	PROV Remissions	PROV G&S	FEDERAL GRANTS CMSF	FEDERAL GRANTS Other	PROV LOANS NET	UNI + COL PROV GRANTS	UNI + COL ANNUAL INCREASE
93-94	574	537		28			537		
94-95	766	556	35	27			521		
95-96	747	624	69	33		2	555		
96-97	888	761	157	31		5	604	1551	
97-98	861	730	290	28		6	440	2246	695
98-99	822	620	277	32		41	343	2325	79
99-00	784	438	485	33	106	44	-47	2373	48
00-01	706	387	280	43	100	38	108	2466	93
2001-02	642	342	116	57	106	34	226	2480	14
2002-03	664	361	125	63	108	36	236	2664	184
2003-04	735	365	119	81	115	36	246	3082	418
2004-05	769	410	126	77	109	38	284	3268	186
2005-06	971	462	145	95	126	79	317	3671	403

1996-97	Proportion of non-repayable compared to total provincial assistance:	0.24
2004-05	Proportion of non-repayable compared to total provincial assistance:	0.42
1996-97	Proportion of federal assistance:	0.53
2004-05	Proportion of federal assistance:	0.65

## Notes on Ontario Data

### Assistance from Province

We were provided with detailed information by the province and reference to website material at a summary level – we did not receive any detailed information from any financial statements. The detailed information supplied was the same as provided CSLP. They also provided detailed background information on their Student Assistance Program.

### Sources of data in columns

- Federal loans (column 1) and federal grants (CMSF and “other”) (columns 5 and 6) provided by CSLP.
- Data on net provincial loans, provincial remissions, provincial grants and scholarships (columns 7, 3, and 4 respectively) were supplied by Province of Ontario.
- Data on provincial grants to universities and colleges (column 8) provided by Province of Ontario.

### Financial Statements

The financial statements are at a high level of aggregation. The Estimates for 2006/07, for Post Secondary Education Program, state “Student Support Programs” under “Operating Expenses” as \$326.7 million Actual for 2004/05. Now the figures for the Estimates for 2006/07 show \$439.4 million “Student Support Programs” under Transfers out of a total of \$508.2 million “Total Operating Expenses”. Thus the direct “Student Support” is 86% of total operating expenses. Applying this ratio to the Actual for 2004/05 would give a direct student support of \$281 million. The figure for the total amount of provincial grants and scholarships provided us by the province comes to \$202 million for 2004/05, which is \$79 million less than the estimated “student transfers” from the financial statements. In elaboration of these data, provincial representatives have informed us that

\$51.2 million was paid out in “transfer payments” to other programs supporting students (e.g. Ontario Trust for Student Support) and that only \$17.6 million was for administration.

### **Background**

The Loan Forgiveness Program (paid at completion of studies) was replaced in 1998/99 by Ontario Student Opportunity Grant (paid annually). The effect of this was a large increase in payments during the transition period (thus producing a negative “net loan” figure in 1999-2000).

In 1998-99, needs analysis criteria were changed:

- OSL parental contributions increased; and
- independence criteria for OSL increased from four to five years out-of-high school

Then in 2004-05, these criteria were changed back:

- OSL parental contributions reduced (harmonized with CSL criteria); and
- independence criteria for OSL decreased from five to four years out-of-high school (harmonized with CSL criteria)

### **Analysis**

The proportion of federal support has gone from 52% in 1993/94 to 75% in 2005/2006. The province has increased non-refundable assistance from around 24% in 1996/97 to 41% of total provincial support in 2004/05.

### **B-6: New Brunswick Data**

	1	2	3	4	5	6	7
<b>NB</b>	FEDERAL LOANS	PROV LOANS GROSS	Fed + Prov Loans	PROV GRANTS	FEDERAL GRANTS CMSF	FEDERAL GRANTS Other Fed	PROV LOANS NET
93-94	49	20	64				20
94-95	38	24	73				24
95-96	30	25	76				25
96-97	61	30		7			30
97-98	70	36		9			36
98-99	78	45		5		1.7	45
99-00	78	47		5	7	2.1	40
00-01	73	44		7	7	2.3	37
2001-02	81	42		10	7	2.3	35
2002-03	78	42		11	7	2.1	34
2003-04	80	45		15	7	2.4	38
2004-05	82	45		16	7	2.4	38
2005-06	90	59		10	7	2.4	51

### **Notes on New Brunswick Data**

#### **Sources of data in columns**

- The province provided the document NB Student Financial Assistance Program which contains historical data from 1992/93 to 2005/06.
- Except for the total loans (federal + provincial), which are provided for 1992/93 onwards, no data obtained from the province went back further than 1996/97.
- The data for Federal Loans (column 1) obtained from this document and from CSLP – differences from CSLP data, but for most years less than 10%.
- The data for Provincial Loans (column 7) obtained from this document – no differences from CSLP data.
- Provincial bursaries (column 4) from provincial data – no significant differences between this and data from CSLP.
- Federal grants: CMSF (column 5) {see comment below under **Other Information**} and “Other” (column 6) from CSLP data.

#### **Other Information**

The NB Student Financial Assistance Program document lists the CMSF bursaries and access grants as “provincial assistance” rather than “federal assistance”.

#### **Analysis**

- The provincial grants are lower for the years 98/99, 99/00 and 2000/01 but it is questionable whether this dip could be considered a response to CMSF funding.
- It would seem that the funding provided through CMSF simply increased assistance rather than induced an increase or decrease in the provincial levels of assistance.

**B-7: Nova Scotia Data**

	1	2	3	4	5	6	7	8
Nova Scotia	FEDERAL LOANS	PROV LOANS GROSS	PROV GRANTS	FEDERAL GRANTS CMSF	FEDERAL GRANTS Other	PROV LOANS NET	UNI + COL PROV GRANTS	UNI + COL ANNUAL INCREASE
93-94	49	44				37		
94-95	58	35				28		
95-96	52	40			0.2	33	204	
96-97	64	0			0.5	0	191	
97-98	64	2			0.6	0	189	
98-99	96	37			3	30	191	
99-00	92	37		9	2	13	201	
00-01	92	37		9	2	28	211	10
2001-02	95	41		9	3	32	210	-1
2002-03	94	46		9	3	37	216	6
2003-04	93	49		9	4	35	223	7
2004-05	89	49		9	3	34	236	13
2005-06	109	41		10	7.2	24	232	-4
						Ave. An. Increase:		5

**Notes on Nova Scotia Data**

**Sources of data in columns**

- The province provided reference to the Public Accounts.
- The only relevant financial data obtained from these documents were the total grants provided to the universities and colleges (column 6).
- The data for Federal Loans (column 1) and Provincial Loans (column 2) were obtained from CSLP.
- No provincial grants (column 3) have been identified.
- Data on federal grants (CMSF bursaries and “Other”) in columns 4 and 5, were obtained from CSLP.

**Analysis**

- From 1999/2000, grants to universities and colleges increased, on average at around 2.5% per year – not very large if translated into constant \$ but is consistent with the claim of the province that “savings” from the CMSF assistance were “reinvested” in grants to PSE institutions.
- There are insufficient data available to conclude on the pattern of student loans and grants and the share between federal and provincial assistance.
- The proportion of federal to provincial loans has changed from 2:1 or better up to 1997/98 to around 3:1 thereafter – perhaps reflecting the impact of CMSF in reducing the level of provincial loans without affecting levels of federal loans.

**B-8: PEI Data**

	1	2	3	4	5	6
PEI	FEDERAL LOANS	PROV LOANS GROSS	PROV GRANTS	FEDERAL GRANTS CMSF	FEDERAL GRANTS Other	PROV LOANS NET
94-95	7	4				3.9
95-96	9	5	0.8		0.1	3.9
96-97	12	6	1		0.1	4
97-98	14	8	0.6		0.2	5.1
98-99	13	8	1.3		0.4	7.5
99-00	14	9	1.3		0.5	5.4
00-01	14	7	1.3	1.3	0.5	5.8
2001-02	17	6	1.9	1.3	0.5	6.3
2002-03	17	6	1.5	1.4	0.5	3.6
2003-04	18	8	1.9	1.2	0.4	6.1
2004-05	18	8	2	1.2	0.5	
2005-06	22	7	2.4	1.2	1.2	

Data for 2000-01 missing from documents provided by province but used data from CSLP

**Notes on PEI Data**

**Sources of data in columns**

- Province has provided financial information for each year between 1994/95 to 2005/06 except that year 2000/01.
- These data provided: federal loans (column 1); provincial loans (column 2); provincial grants (column 3) consisting of “PEI Debt Reduction Grant” and “Island Student Awards” – there are some small differences between the data, especially in column 3 (provincial grants), and those provided by CSLP.
- No grants were shown in the provincial data supplied for 1994/95 (in column 3) but the CSLP data show a figure of 1.6.

**Analysis**

- The level of loans and grants provided by the province seem to have been fairly steady, although some variation from year to year BUT the proportion of loans supplied by the province has been decreasing in relation to the level of federal loans
- There is some indication that the level of grants provided by the province has increased corresponding to the time that CMSF funding has been provided

## B-9: Newfoundland Data

Newfoundland	1	2	3	4	5	6	7	9	10	11	12	
	FED LOANS	PROV LOANS GROSS	PROV Remission	PROV GRANTS	FED GRANTS CMSF	FED GRANTS Other	G & S TOTAL EXPEN	PROV LOANS NET	Mem U GRANTS	N Atlantic GRANTS	TOTAL INSTUT GRANTS	ANNUAL INCREASE
94-95	60	35	3					32				
95-96	73	47	1					46				
96-97	91	61	1					60				
97-98	85	62	2			0.1		61				
98-99	88	64	3	0.13		2	16	61	110	40	150	
99-00	70	56	3	0.12	5	2	20	50	112	44	156	6
00-01	69	49	5	0.14	5	2	19	41	115	48	163	7
2001-02	62	43	5	0.14	5	1	18	34	129	57	186	23
2002-03	56	35	6	0.14	5	1	18	26	138	48	186	0
2003-04	52	35	5	0.11	5	1	23	27	151	52	203	17
2004-05	47	31	6	0.13	5	1	18	23	164	51	215	12
2005-06	49	33	7	0.14	5	2	21	25	182	54	236	21

## Notes on Newfoundland Data

### Sources of data in columns

The financial statements are at a high level of aggregation. They present costs of student aid but do not differentiate between loans and grants. Presumably, the costs associated with loans are any remissions, bad loans, interest forgiveness, etc. The only separated set of costs is for scholarships (which represents a small proportion of student assistance).

From the Public Accounts, we also identified financial assistance to universities / colleges (Memorial University / College of the North Atlantic).

- The data for Federal Loans (column 1), Provincial Loans (column 2 and 8) and provincial remissions (for column 3) were obtained from CSLP.
- Data on provincial scholarships (“provincial grants” in column 4) obtained from provincial Public Accounts.
- Data on federal grants (CMSF bursaries and “Other”) in columns 5 and 6, were obtained from CSLP.
- Data on provincial grants to the university and college (column 7) obtained from provincial Public Accounts.

### Analysis

It is difficult to identify any link between the data of CSLP and the financial statements.

Since 2000, the amount of provincial funding to the institutions has gone up more rapidly than inflation. The increases after 2000 are greater than in the previous 2 years (although two years of data is insufficient to conclude on any past trend).

The information obtained from the Public Accounts is of very limited value in judging the pattern of student assistance.

The claimed “reinvestment” in PSE institutions in response to the “savings” from the CMSF bursaries is supported by the information collected.

## APPENDIX C

### Analysis of Federal / Provincial Repayable / Non-Repayable Assistance

	Federal Share of Total Loans (as %)									Federal Share of Total Non-Repayable Assistance (as %)						
	BC	Alberta	Sask	Man	Ont	NB	PEI				BC	Alberta	Sask	Man	Ont	NB
93-94	71	65	62	85	52				93-94							
94-95	81	57	65	64	60		64		94-95							
95-96	78	69	67	65	57		70		95-96							
96-97	68	68	66	62	60	67	74		96-97	1	2		13	3		
97-98	69	64	67	62	66	66	73		97-98	3	2		13	2		25
98-99	65	69	67	61	71	63	64		98-99	15	9	21	60	12	24	24
99-00	75	74	74	61	*	62	73		99-00	33	31	35	87	23	62	28
00-01	81	71	77	80	*	62	70		00-01	32	32	38	63	30	56	61
2001-02	81	75	78	87	74	66	74		2001-02	25	23	38	63	45	48	51
2002-03	72	79	79	89	74	65	81		2002-03	33	23	38	64	43	46	57
2003-04	72	84	73	87	75	64	75		2003-04	34	21	42	62	43	38	51
2004-05	66	82	72	86	73	65	72		2004-05	50	22	45	65	42	35	50
2005-06	62	84	82	82	75	61	78		2005-06	47	24	41	60	46	48	45

\* because of changes in remission policy by Ontario the statistics are not meaningful for these two years

	Total Non-Repayable as a Share of Total Assistance (as %)						
	BC	Alberta	Sask	Man	Ont	NB	PEI
93-94							
94-95							
95-96							
96-97	19	19	12	3	11	7	6
97-98	18	16	15	3	20	8	4
98-99	22	24	20	4	23	5	8
99-00	33	32	30	20	47	10	9
00-01	33	29	28	26	36	12	14
2001-02	34	35	29	29	26	13	15
2002-03	27	39	30	33	27	14	14
2003-04	22	43	26	31	26	16	14
2004-05	20	42	25	31	25	17	14
2005-06	18	39	28	30	26	11	14

	BC	Alb	Sask	Man	Ont	NB	PEI
<b>In \$ millions</b>							
Average amount of non-repayable assistance from province 1993/94 - 1998/99:	60	56	14	1.3	167	7	.9
Average amount of non-repayable assistance from province 1999/00 - 2005/06:	102	112	23	7	263	10.5	1.8
Increment:	41	55	10	5.7	96	3.5	.8
Increased level of assistance in non-repayable funding (as a %):	68	98	71	438	57	50	88

There are some gaps in the information relating to Nova Scotia and Newfoundland and as a result we have not performed the calculations for these two provinces.

## **Appendix D**

### **Questionnaires**

#### **Questions for CMSF**

*These following questions are meant as a guide and if any would be difficult to answer or are inappropriate or inapplicable then we would like to discuss before time is spent in responding to them.*

#### **General**

- 1) What objectives are applicable in assessing the performance of CMSF?
- 2) For example, how does CMSF assess whether they have kept administrative costs reasonably low? What comparisons or benchmarks does CMSF use, if any, to assess whether they are keeping administrative costs reasonably low?
- 3) For example, has CMSF defined how their assistance “complements” the funding provided by the provinces and in particular, how has this been measured and assessed?
- 4) For example, what conclusions has CMSF reached regarding the amount of savings reinvested by the provinces in post-secondary education? For assessing this, has CMSF (or the provinces) defined what constitutes such an investment by the province?
- 5) CMSF had a study conducted in 2003: the Evaluation of the Foundation’s Performance, 1998-2002. Has CMSF carried out any other measurement and assessment of its performance against these objectives? If so, what information / reports exist that we can refer to?
- 6) What comparisons or benchmarks does CMSF use, if any, to assess whether they are keeping administrative costs reasonably low?
- 7) What actions have been taken to keep costs low and what improvements, if any, have been introduced?
- 8) In what way does the carrying out of research activities fit within the statement of purpose and objectives as laid out in the Act? If not provided under the Act, what rationale was put forward to support the research efforts of CMSF?
- 9) What were the initiatives, or policy considerations, for introducing the “Access” bursaries and was there any reason for not introducing these at an earlier stage of the program?

### **Revenues and Expenditures**

- 10) The financial statements of CMSF show some increase in administrative costs over time. What have been the main contributing expenditures?
- 11) What is the detailed breakdown of annual expenditures (including previous years)?
- 12) What additional funding (i.e. in addition to initial government funds and the interest on investment), such as from corporate donors, has been obtained by CMSF (revenue by year over period of existence)?

### **Management of the Bursary Program**

- 13) Further to the published organizational structure of CMSF, how are the roles and responsibilities structured for administering the bursary program (policy and planning / operational / financial)?
- 14) What are the policies and processes involved in administering the program (both within the CMSF and within the province on behalf of CMSF)?
- 15) Are the policies and processes carried out within CMSF applied to the funding as a whole or is the administration separate for each (or each grouping) of province?
- 16) If funding to the provinces is managed separately, in what ways does the administration within CMSF differ between provinces?
- 17) What activities are carried out by the Foundation and what activities are carried out by the provinces on behalf of the Foundation?
- 18) We understand that information is provided CMSF by the provinces. What use is made of this information and in particular how is it used for making any decisions within CMSF? We understand that the provinces apply the criteria and in effect make the decisions. Is this correct and if so, are there any situations where the Foundation might intervene for any reason?
- 19) The agreements with the provinces spell out what funds are to be supplied to the provinces for administering the program. How was the formula for providing this administrative funding to the provinces established? Has any additional administrative funding been provided to any of the provinces and if so, for what purposes?
- 20) Of the detailed breakdown of annual expenditures (requested above), which of these are directed towards the administration of the student assistance (including an allocation of overhead costs of management / accommodation and other operating costs)?

- 21) What categories of expenditure were defined as appropriate when the provinces submitted their “Letters of Reinvestment of Savings”?
- 22) Have any of the provinces submitted to CMSF any statements of actual expenditures corresponding to these commitments and/or what evidence exists regarding funding made available by the provinces according to the “Letters of Reinvestment of Savings”?
- 23) What is done by CMSF in response to this information (including actions taken where the province has fallen short of the commitment)?
- 24) What macro-level data are provided the Foundation by the provinces – e.g. expenditures by category on post-secondary education?
- 25) What are the data sources for the statistics contained within the “Price of Knowledge” publications?
- 26) Does CMSF keep track or are able to calculate, what proportion of the funding to the students is for an amount higher than the student would otherwise receive under the other provincial / federal funding (based on those rules used to produce the needs assessment)?
- 27) Any particular concerns or issues that CMSF have in dealing with the provinces and, vice-versa, what concerns the provinces have expressed about their operations?

### **Management of Research**

- 28) How is the research budget established?
- 29) What is the management framework for managing the research activities carried out by CMSF? How well are the research projects managed?
- 30) Has CMSF conducted any studies or analysis to determine how useful and effective have been their research initiatives?

***Thank you for your assistance and if there are any questions you may have we shall be pleased to attempt to answer them when we contact you.***

## **Questions for the Provinces/Territories**

*We have been asked to obtain information on the provincial / territorial expenditures on post-secondary education (PSE) so that a complete picture can be developed on the total government assistance in this sector.*

*What we are seeking are financial statements on provincial / territorial expenditures (and revenues) relating to PSE in total and then broken down into greater detail, such as:*

- *Student loans;*
- *Student grants;*
- *Assistance on outstanding loans (interest forgiveness and write-off of debt);*
- *Direct assistance to post-secondary educational institutions;*
- *Other forms of funding to assist post-secondary education;*
- *Revenues (repayment of loans); and*
- *Other revenues (including federal funds).*

*We hope to be able to obtain this information for the past ten years or more.*

*In addition, we are interested in obtaining the underlying explanations for any significant changes from year to year, such as:*

- *Budgetary changes (both changes in budget and differences between budget and actual) which would change discretionary spending;*
- *Changes in the rules for assistance;*
- *Impact of federal assistance;*
- *Changes in level of student take-up which would affect statutory expenditures;*
- *Any other.*

*These following questions are meant as a guide and if any would be difficult to answer or are inappropriate or inapplicable then we would like to discuss before time is spent in responding to them.*

- 1) How are the CMSF bursaries administered by the province / territory? Are these simply add-ons or do they require different treatment to the provincial (territorial) / other federal funding?
- 2) What is the basis for reducing the provincial / territorial contribution according to the availability of the CMSF? What is the impact of this on the student: does it change the mix of loan to grant and if so what are the rules?
- 3) Does the province / territory have statistics on what proportion of the CMSF bursaries provide an excess amount to what would be provided under the provincial (territorial) / federal programs? I.e. the amount they top up available funding (above the provincial maximum) rather than reduce the funding from

- other sources?
- 4) How does the province / territory define the categories of expenditure on post-secondary education?
  - 5) How can we obtain the detailed expenditures (may want to refer us to the financial people or to sources of published {electronic / hard-copy} data)?
  - 6) How far back can we get this information and in what ways has the reporting of the information changed over time?
  - 7) How well is the total package for student assistance operating? What has been the impact of the CMSF?
  - 8) More specifically, what is your understanding of the impact of the CMSF in your province / territory?
    - Has it displaced any of the financial assistance provided by the province / territory and if so has it affected the amount of loans or amount of non-repayable assistance?
    - If so, how does this displacement occur – is it part of the needs assessment or are there policies on how the province / territory decides on its share of support?
    - What is the province's / territory's estimate of how much funding the CMSF bursaries have displaced (in terms of repayable / non-repayable) and how has this changed over the period of the Foundation's existence?
    - If so, in what ways have any of these monies been redirected towards other expenditures relating to post-secondary education?
    - Conversely, are there any examples where the CMSF bursaries have acted as leverage, in that the province / territory has undertaken to match these funds?

***Thank you for your assistance and if there are any questions you may have we shall be pleased to attempt to answer them when we contact you.***

## **Appendix E**

### **References**

- Bill C-36: Budget Implementation Act, 1998
- Canada Millennium Scholarship Foundation: Evaluation of the Foundation's Performance, 1998-2002; Institute of Intergovernmental Relations (Queen's University, Kingston, Ontario) May 30, 2003
- Federal Loans and Grants for Post-Secondary Education – Human Resources and Social Development Canada and Canada Millennium Scholarship Foundation; Report of the Auditor General of Canada – Chapter 2 - May 2007
  
- Information Manual 06/07 – Canada Millennium Scholarships Foundation (CMSF)
- CMSF website: <http://www.millenniumscholarships.ca>
- Unpublished: Millennium Bursary Program: Report on Savings to Provinces and Provincial Reinvestments; November 2006
- Provincial documents referred to (publicly available):
  - BC Ministry of Advanced Education 2005/06 Annual Service Plan Report
  - Saskatchewan Learning 2005-06 Annual Report
  - Saskatchewan PSE and Skills Training Annual Report 2000-01
  - Manitoba Advanced Education and Training Annual Report 2005-2006
  - Manitoba Advanced Education and Training Annual Report 2004-2005
  - Manitoba Student Aid Program: Manitoba Advanced Education and Training Annual Report 2004/2005
  - Government of Ontario: The Estimates, 2006-07 (Ministry of Training, Colleges and Universities)
  - Government of Nova Scotia: Public Accounts Volume 3 – Supplementary Information (Education – Assistance to Universities)

## Appendix F

### Reinvestment of Savings from CMSF Bursaries by Province<sup>6</sup>

Province	Annual Amount Reinvested	Money reinvested in:
Alberta	N/A	<ul style="list-style-type: none"> <li>• Higher loan limits</li> <li>• Increased in-study and scholarship exemptions</li> <li>• New scholarship program to benefit 2<sup>nd</sup>, 3<sup>rd</sup> and fourth year students</li> <li>• Increased funding for student assistance</li> </ul>
British Columbia	N/A	<ul style="list-style-type: none"> <li>• Increasing funds available for BC loan reduction program</li> </ul>
Manitoba	\$6.7M	<ul style="list-style-type: none"> <li>• Manitoba Bursary program benefits 3,000, students particularly in 1<sup>st</sup> year and graduate studies. Reduces student loans to \$6,300.</li> </ul>
New Brunswick	\$6.3M	<ul style="list-style-type: none"> <li>• Three-year commitment to increase provincial bursaries from \$50 to \$90 per assessed week of study</li> </ul>
Newfoundland	\$2.2M	<ul style="list-style-type: none"> <li>• New debt reduction program to replace the loan remission program</li> </ul>
Nova Scotia	\$7M	<ul style="list-style-type: none"> <li>• Debt reduction program to assist students with higher debt loads</li> </ul>
Ontario	N/A	<ul style="list-style-type: none"> <li>• Guaranteed \$500 benefit for CMSF bursary recipients</li> <li>• \$100M permanent endowment for graduate fellowships in 2004-05</li> <li>• Increased in-school work and scholarship exemptions</li> <li>• Increased funding for Ontario Graduate Scholarship program</li> <li>• Increased operating grants to universities</li> <li>• Doubled funding of work-study program</li> <li>• Introduced Aiming for the Top scholarships</li> <li>• Updating book and supply allow, benefiting 138,000 students</li> </ul>
Prince Edward Island	\$0.72M	<ul style="list-style-type: none"> <li>• Island Student Award Program – awards of \$600 each with a lifetime maximum of \$1,200. Paid directly o PSE institution to credit the student’s account.</li> </ul>
Saskatchewan	N/A	<ul style="list-style-type: none"> <li>• Operating grants to universities in return for tuition containment</li> <li>• Access to Saskatchewan bursaries for 2,734 students studying out of province</li> </ul>

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<sup>6</sup> Source: CMSF Information Manual 06/07



Comments on Value for Money Review:

This paper reaches several important conclusions about the extent to which the Canada Millennium Scholarship Foundation has been able to achieve various components of the mandate set out for it by Parliament. First, it concludes that the Foundation has kept its administrative costs reasonably low. Second, it concludes that appropriate management procedures and controls are in place relating to matters such as the awarding of contracts. Third, it concludes that the millennium bursary program complemented existing provincial programs, that there was a proportionate net increase in funds for students and that provinces fulfilled their reinvestment commitments.

The authors of the paper nonetheless present two arguments that are not well supported by the analysis they provide. The first relates to research expenses. The authors contend that, if the research is indeed important to the achievement of the Foundation's objectives, it should have begun earlier (prior to 2000). This contention overlooks the fact that, prior to 2000, the Foundation had a minimum of staff all of whom were devoted to the task of ensuring that the first awards were issued in time for the new millennium. The research program was in fact formally started in 2001, soon after the start-up period and while the Foundation was still in the early part of its mandate. The authors' also do not properly account for the fact that the majority of the research expenses in the ensuing years stem either from longitudinal studies or from program evaluations; in neither case could significant expenses logically have occurred at the start the mandate. The Foundation insists that it is good management practice to understand the circumstances of its clients, investigate the determinants of access, gather data on student financial assistance programs, and evaluate its own programs. Both the 2007 audit of the Foundation by the Auditor General of Canada [<http://www.oag-bvg.gc.ca/domino/reports.nsf/html/20070502ce.html>] and the 2007 Treasury Board evaluation of foundations as tools of public policy [[http://www.tbs-sct.gc.ca/report/orp/2007/ef-fe/ef-fe\\_e.asp](http://www.tbs-sct.gc.ca/report/orp/2007/ef-fe/ef-fe_e.asp)] touch on the benefits of this research, and it is unfortunate that no references to these studies were made by the authors of this paper.

The second unsupported argument relates to governance. The authors make recommendations regarding the appropriateness of the governance regime established by Parliament despite the fact that this was not part of the mandate of their study, that they did not systematically gather, analyze or present evidence on the subject, and that the Government of Canada has already published a separate study that explicitly addresses this issue (the Treasury Board evaluation of foundations). Opinions on important issues such as the relationship between foundations and Parliament should not be offered in passing in the context of a review without the benefit of serious study and the presentation of evidence.

Finally, it is also regrettable that the paper does not examine the Foundation's agreement with Quebec and its impact on students, despite the fact that the relevant documents and data are a matter of public record. Unlike the Government of Canada, the Foundation operates a national need-based bursary program that covers students in all ten provinces and three territories. Its activities should have been evaluated in this light.