



Employment and
Social Development Canada

Emploi et
Développement social Canada

Canada Student Loans Program
Annual Report
2013-2014

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Message from the Minister

Canada Student Loans Program Annual Report 2013–2014

Universities, colleges, and training institutions throughout the country provide enormous opportunities for Canadians to gain knowledge and skills essential for their personal growth as well as contribute to a strong, growing economy.

Everyone recognizes the importance of receiving an affordable post-secondary education. With this in mind, I'm pleased to present the 2013–2014 Annual Report of the Canada Student Loans Program (CSLP), and to reaffirm our support in helping Canadians with their educational goals.

Since its inception more than 50 years ago, the CSLP has supported individuals enrolled in post-secondary study at institutions throughout Canada and abroad, helping over 5 million Canadians with their education and career objectives. This includes more than half a million full- and part-time post-secondary students who received support in 2013–2014 in the form of loans and grants.

The Office of the Chief Actuary has also projected that the loan uptake rate under the CSLP will rise steadily from 2014–2015 and beyond. The Government of Canada will enhance this Program so it plays a greater role in meeting the needs of the students of today as well as those of tomorrow.

The Government of Canada has pledged to find ways to make post-secondary education more affordable for Canadians from low- and middle-income families, including:

- expanding the Canada Student Grants for low-income students and increasing the income threshold for eligibility; and
- changes to the Repayment Assistance Plan income thresholds to ensure that no borrowers with student loans will be required to make any repayment until they are earning at least \$25,000 per year.

We will work collaboratively with the provinces and territories to ensure that our student financial aid system is fully responsive to reducing financial barriers that may be experienced by Canadians pursuing higher education, as well as making their student debt load manageable as they transition from school to the workforce.

I am proud that Canada is a world leader in participating in higher learning. Helping Canadians with their post-secondary education goals strengthens our workforce and puts the middle class within easier reach of many of our fellow citizens. This is a promise the Government of Canada is working hard to fulfil.

The Honourable MaryAnn Mihychuk, P.C., M.P.
Minister of Employment, Workforce Development and Labour





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Introduction

This annual report serves to inform Parliament and Canadians about student financial assistance for post-secondary education under the Canada Student Loans Program (CSLP). It provides information and data on loans, grants and repayment assistance during the 2013–2014 loan year (August 1, 2013, to July 31, 2014).

Further detailed information, including historical data on federal student financial assistance over the past number of years, is available on the [Government of Canada's website](#).



Vision and Mission

Employment and Social Development Canada

The mission of Employment and Social Development Canada is to build a stronger and more competitive Canada, to support Canadians in making choices that help them live productive and rewarding lives, and to improve Canadians' quality of life.

To do this, we:

- develop policies that make Canada a society in which all can use their talents, skills and resources to participate in learning, work and their community;
- create programs and support initiatives that help Canadians move through life's transitions—from families with children to seniors, from school to work, from one job to another, from unemployment to employment, from the workforce to retirement;
- create better outcomes for Canadians through service excellence with Service Canada and other partners; and
- engage our employees, establish a healthy work environment, nurture a culture of teamwork and build our leadership capacity.

Canada Student Loans Program

The Canada Student Loans Program promotes accessibility to post-secondary education for students who require financial support to undertake their studies. By reducing financial barriers for these students through the provision of loans and grants, the Program enables Canadians to gain knowledge, skills and qualifications required for successful participation in the economy and society.



Program Highlights

The Government of Canada recognizes the importance of ensuring that student financial assistance addresses the diverse needs of post-secondary students so that they may achieve their education goals and, ultimately, succeed as contributing members of a productive workforce.

The following are key highlights of the various components of the Canada Student Loans Program (CSLP) in 2013–2014, including Canada Student Grants, repayment assistance, support for students with permanent disabilities, as well as loan forgiveness for doctors and nurses.

Canada Student Grants

- In 2013–2014, nearly 368,000 students received financial assistance in the form of non-repayable grants. This includes more than 15,600 grants to support students in part-time study.
- The total value of grants awarded to students in 2013–2014 was \$715.3 million, an increase of approximately 2.9% from the previous year (2012–2013).

Canada Student Loans

- In 2013–2014, the CSLP provided:
 - 491,400 full-time students with \$2.7 billion in loans; and
 - 11,300 part-time students with \$19.9 million in loans.

This includes 5,000 students who received loans for both full-time and part-time study, or approximately 498,000 individual students who received new loans.

- The number of full-time and part-time students receiving Canada Student Loans in 2013–2014 increased by 4% and 17%, respectively, from the previous year (2012–2013).

Repayment Assistance Plan

- In 2013, the CSLP launched a new online Repayment Assistance Plan (RAP) application process which enables borrowers to apply for and receive repayment assistance in a more effective and timely manner.
- Nearly 234,000 borrowers received support under RAP in 2013–2014, an increase of almost 12% from the previous year.

Support for students with permanent disabilities

- In 2013–2014, the CSLP disbursed over 37,800 non-repayable grants to support students with permanent disabilities, an increase of approximately 9% from the previous year.
- More than 13,600 individuals received support under the Repayment Assistance Plan for Students with a Permanent Disability, and a further 550 borrowers had loan obligations forgiven via the Severe Permanent Disability Benefit.

Loan forgiveness for doctors and nurses

- In the 2013–2014 fiscal year, \$7.3 million of student loans was forgiven under the Canada Student Loans Forgiveness measure for family doctors, residents in family medicine, nurse practitioners and nurses who work in rural or remote communities. Approximately 1,700 individuals benefitted from this initiative.





Setting the Context

What the Program offers

The Canada Student Loans Program (CSLP) enables Canadians to meet the costs of higher education by offering financial support in the form of:

- Canada Student Loans
- Canada Student Grants
- Repayment Assistance

The Government of Canada pays the interest on student loans while borrowers are in school. Interest is charged to borrowers upon leaving school, although repayment is not required until six months following end of studies.

Canada Student Grants are a non-repayable form of assistance available to students from low-and middle-income families, students with permanent disabilities, students with dependants, as well as part-time students.

The CSLP's Repayment Assistance Plan supports borrowers who need help in repaying their loans.

Direct government financing and portfolio growth

Since 2000, the Government of Canada has provided student financial assistance directly to borrowers, unlike earlier CSLP lending regimes that were administered by financial institutions.

Under direct lending, the Government of Canada finances and administers the CSLP, contracting with a private-sector service provider (the National Student Loans Service Centre) to manage student loan accounts through all phases of the borrowing lifecycle, from disbursement to repayment.

The direct loan portfolio has grown substantially during the past decade, with increasing numbers of students receiving financial assistance to help meet the costs of their post-secondary studies.

Working with partners

The Government of Canada works collaboratively with participating provincial and territorial governments¹ to deliver student financial assistance to Canadian students. Applicants in participating jurisdictions are assessed for both federal and provincial loans and grants through a single application process. For students in full-time study, approximately 60% of their assessed financial need is funded by the Government of Canada.

As a result of integration agreements negotiated between the Government of Canada and various provinces, the borrowing experience for students has been significantly streamlined and simplified. Students in integrated provinces (British Columbia, Saskatchewan, Ontario, New Brunswick and Newfoundland and Labrador) benefit from having one single, integrated loan product, and are not required to manage two separate (federal and provincial) loans.

Students in these five integrated provinces comprise more than 80% of Canada Student Loan borrowers. Both federal and provincial portions of their loans are administered under one account with the National Student Loans Service Centre being their one point of contact.

Service delivery

The Canada Student Loans Program (CSLP) is dedicated to continuously streamlining and modernizing the program, as well as improving services for students. In collaboration with provincial and territorial partners, the CSLP is working towards implementing a service delivery vision aimed at providing students with simple, easy-to-manage access to financial assistance. Measures include improved online services, simplified application and repayment processes, and improved communication with students.

The CSLP recognizes the importance of informing Canadians in the pursuit of higher education about the availability, benefits and requirements of student financial assistance. The Program acts to guide students and their families in how to plan and pay for post-secondary education by undertaking outreach activities mainly through web-based communications, and publishing reference materials. A key objective of the CSLP is improving awareness of programs for students who have traditionally faced barriers in accessing post-secondary education.

The CSLP's main information dissemination tool is the CanLearn.ca website, which is the Government of Canada's online source for information to help Canadians save, plan and pay for their post-secondary education. It is a comprehensive information portal with tools and resources ranging from financial assistance estimators to databases on academic programs and scholarships.

CanLearn.ca also links directly to the NSLSC website, which enables borrowers to conveniently and securely access their student loan accounts. The NSLSC website allows borrowers to view the details of their account, receive communications concerning their account, submit confirmation of enrollment requests and customize their repayment and apply for Repayment Assistance.

A redesigned CanLearn was launched in 2013–2014 to modernize the website and improve its usability and accessibility, bringing it in line with the Treasury Board of Canada Secretariat's updated standard on web usability and accessibility. This enhanced existing resources and further improved the effectiveness of the web content and tools. Almost 6.5 million users visited CanLearn.ca for information on post-secondary education and learning resources in Canada.

Also in 2013–2014, the CSLP continued modernizing online services and improving communication with students by ensuring that CanLearn.ca and the NSLSC website were optimized for mobile devices, while respecting usability principles and approaches of the Government of Canada.

¹ Quebec, Nunavut and the Northwest Territories do not participate in the CSLP but receive alternative payments from the Government of Canada to operate their own student financial assistance programs.



Program Results

In 2013–2014, more than a half a million full- and part-time post-secondary students received support from the Government of Canada in the form of a loan or grant under the Canada Student Loans Program. This includes nearly 368,000 students who were awarded non-repayable grants.

Included in this section is key data about the level and type of financial assistance provided to Canadian students in 2013–2014, as well as information about loan recipients entering repayment following completion of studies.

A. Canada Student Grants

Canada Student Grants are designed so that students know up front how much money they will receive. Grants are targeted towards students from low-income and middle-income families, with eligibility based upon family income and financial circumstances. Income level thresholds are adjusted to reflect cost of living in each jurisdiction and family size. Eligibility is assessed at the time the student applies for student loans.

Canada Student Grants are awarded as follows:

- students from low-income families: \$250 per month of study;
- students from middle-income families: \$100 per month of study; and
- low-income students with dependants: \$200 per month of study for each dependant under 12 years of age (or for each dependant over 12 years of age if they have a permanent disability).

Canada Student Grants are also available for students with permanent disabilities. These students are entitled to a grant of \$2,000 per academic year. Additional funding up to \$8,000 is available for those who require special services or equipment. Students receive consideration for these grants upon providing documentation relating to their disabilities when applying for a Canada Student Loan.

In 2013–2014, approximately 426,000 Canada Student Grants were provided to almost 368,000 students (some students may be eligible for more than one type of grant). This is an increase of 3% when compared to the number of students who received grants in 2012–2013.

The following table summarizes the distribution of each type of grant provided in 2013–2014.^T

Type of Grants*	2012–2013		2013–2014	
	Number of Grants	Value of Grants (\$million)	Number of Grants	Value of Grants (\$million)
Full-Time Studies				
Students from low-income families	232,209	\$444.0	238,513	\$455.0
Students from middle-income families	93,262	\$70.5	95,493	\$72.3
Full-time students with dependants	37,655	\$92.2	38,317	\$93.4
Students with permanent disabilities	26,547	\$50.4	29,222	\$55.3
Students with permanent disabilities – equipment and services	8,290	\$21.6	8,622	\$21.9
Millennium Excellence Awards**	255	\$1.4	17	\$0.1
Total full-time grants	398,218	\$680.1	410,184	\$698.0
Part-Time Studies				
Part-time students	13,180	\$14.5	14,937	\$16.6
Part-time students with dependants	423	\$0.4	739	\$0.7
Total part-time grants	13,603	\$14.9	15,676	\$17.3
Total number of grants***	411,821	\$695.0	425,860	\$715.3
Total unique grant recipients***	356,894	\$695.0	367,603	\$715.3

^T Totals reflect data values that are rounded.

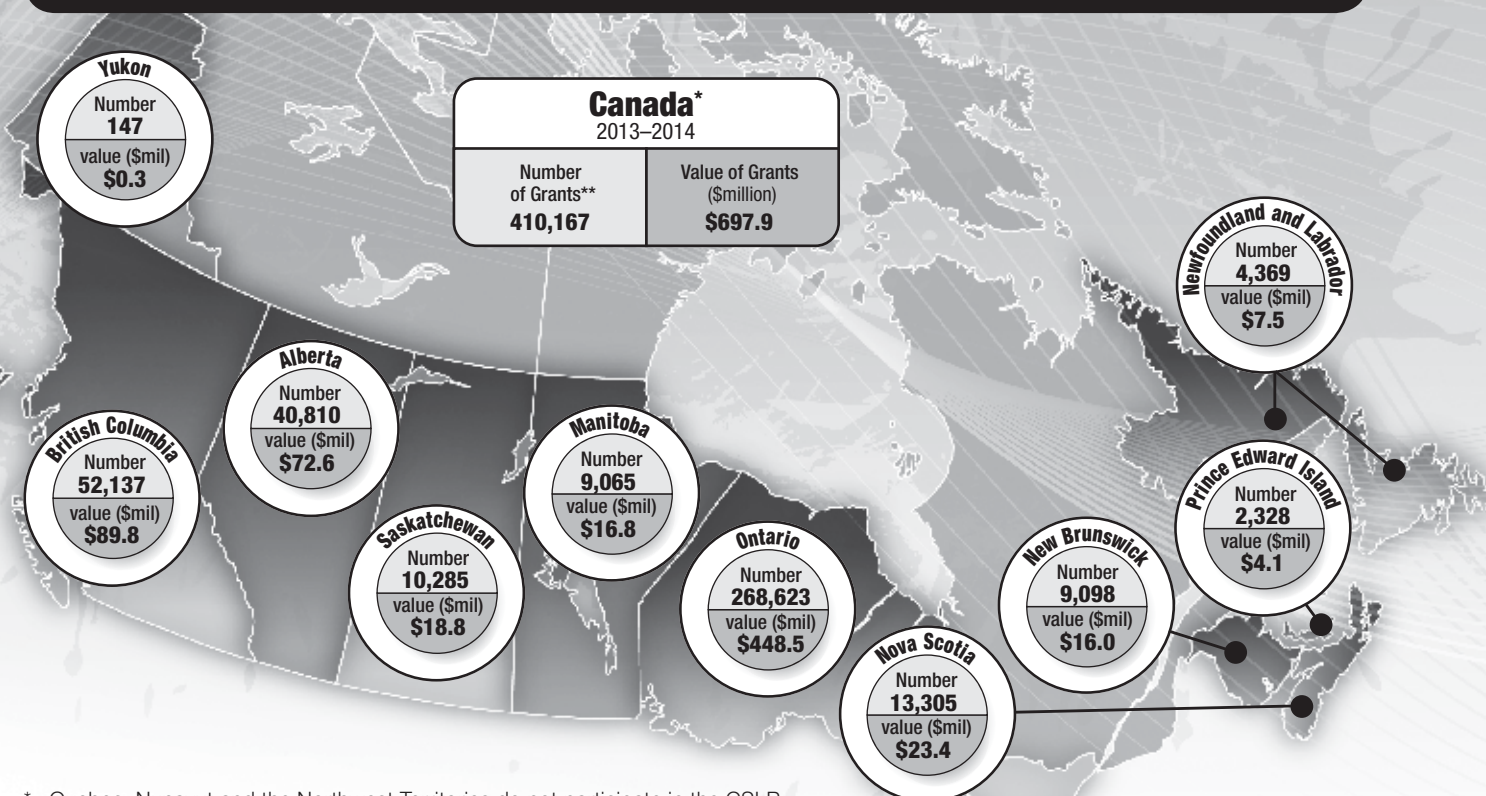
* Refer to Glossary for a description of each type of grant.

** Millennium Excellence Awards were provided under the Canada Millennium Scholarship Foundation (CMSF). Since the closure of the CMSF, the CSLP has administered these Awards.

*** The total number of grants is greater than the total number of grant recipients because some students received more than one type of grant.

Grants for full-time students by province and territory

The diagram below illustrates the distribution of Canada Student Grants for full-time students by province and territory in 2013–2014:



* Quebec, Nunavut and the Northwest Territories do not participate in the CSLP but receive alternative payments from the Government of Canada to operate their own student financial assistance programs.

** The number of grants in each jurisdiction includes all types of grants offered through the CSLP, except for the Millennium Excellence Awards for which provincial/territorial breakdown is unavailable. The total number of grants is greater than the total number of grant recipients because some students received more than one type of grant. Due to rounding the provincial totals do not equal the Canadian total.

B. Canada Student Loans

Canada Student Loans are available to Canadian students enrolled in degree, diploma or certificate programs at designated post-secondary educational institutions in Canada and abroad. To be eligible, a student must demonstrate financial need and reside in a province or territory that participates in the Canada Student Loans Program (CSLP). Canada Student Loan recipients are provided with interest subsidies, whereby the Government of Canada pays the interest on their loans while they are enrolled in school. Repayment begins six months after end of studies.

Demographic Overview

In 2013–2014, the CSLP provided more than \$2.7 billion in loans to more than 491,400 full-time post-secondary students, an increase of 4% from those who received loans in 2012–2013.

The demographic profile of Canada Student Loan recipients remained consistent with that of previous years. In 2013–2014:

- The majority (55%) of full-time students with loans were 21 years of age or younger; 34% were between 22 and 29 years of age; and 11% of full-time borrowers were 30 years or older.

Full-time Canada Student Loan disbursements for each province and territory are as follows:

Province/Territory	2012–2013			2013–2014		
	Number of Borrowers (full-time students)	Total Value of Loans (\$ million)	Average Canada Student Loan	Number of Borrowers (full-time students)	Total Value of Loans (\$ million)	Average Canada Student Loan
Newfoundland and Labrador	6,354	\$29.9	\$4,699	6,081	\$29.0	\$4,776
Prince Edward Island	3,280	\$21.3	\$6,484	3,115	\$20.3	\$6,517
Nova Scotia	15,790	\$110.5	\$7,000	16,637	\$116.7	\$7,012
New Brunswick	13,619	\$71.7	\$5,263	12,859	\$70.4	\$5,478
Ontario	302,355	\$1,603.9	\$5,305	323,200	\$1,735.3	\$5,369
Manitoba	9,858	\$47.8	\$4,851	9,829	\$47.3	\$4,814
Saskatchewan	11,469	\$66.6	\$5,806	11,202	\$66.1	\$5,904
Alberta	49,114	\$269.3	\$5,483	49,309	\$274.1	\$5,558
British Columbia	60,158	\$344.5	\$5,726	59,058	\$340.5	\$5,765
Yukon	170	\$0.9	\$5,584	154	\$0.9	\$5,762
Total	472,167	\$2,566.4	\$5,435	491,444	\$2,700.7	\$5,495

- Eighty-nine percent of the full-time students with Canada Student Loans were single.
- Female students comprised 59% of loan recipients and male students 41%.
- Two-thirds of full-time students with Canada Student Loans (66%) were residents of Ontario. Students from British Columbia (12%) and Alberta (10%) comprised the next two highest proportions of loan recipients. The remaining 12% were from the other seven participating jurisdictions.

As noted in the table above, in 2013–2014 the number of full-time Canada Student Loan borrowers rose by 19,277 from the previous year, mostly attributable to an increase in the number of Ontario borrowers (6.9%).

The average Canada Student Loan of \$5,495 per recipient is similar to the average loan amount in previous years (\$5,435 in 2012–2013 and \$5,376 in 2011–2012).

The average loan amount for full-time students 30 years of age or older was approximately \$6,700, whereas the average loan amount for students under 21 was slightly more than \$5,000. There were negligible differences in average loan amounts between male and female students.

The loan amounts in the table above are for one academic year (2013–2014) and do not include the amount of provincial or territorial loans a student may have received in 2013–2014 or loans that may have been received in previous years. Section C of this report provides information on overall Canada Student Loan indebtedness for students at the time of completion of studies in 2013–2014.

Where do borrowers go to school?

In 2013–2014, the vast majority of student loan recipients, more than 90%, remained in their home province or territory to pursue their post-secondary education. Less than 1 in 10 (approximately 9%) either studied outside their home province or territory or went abroad.

Student borrowers from large provinces were less likely to study outside their home province; for example, nearly 5% of Canada Student Loan recipients from Ontario studied outside their province. Conversely, students from smaller jurisdictions were more likely to use their Canada Student Loan at an institution outside their home province: 84% of student borrowers from Yukon and 41% of student borrowers from Prince Edward Island studied outside their home jurisdictions in 2013–2014.

Borrowers in Atlantic Canada who left their home province to study tended to remain within Atlantic Canada, while those in western Canada tended to either stay in their region or attend post-secondary institutions in Ontario.

Almost 12,000 Canada Student Loan recipients, accounting for approximately 2.4% of the total number of borrowers, studied outside of Canada in 2013–2014. Half of these students undertook study programs in the United States, and the other half were enrolled in schools located in other regions of the world.

What types of institutions do borrowers attend?

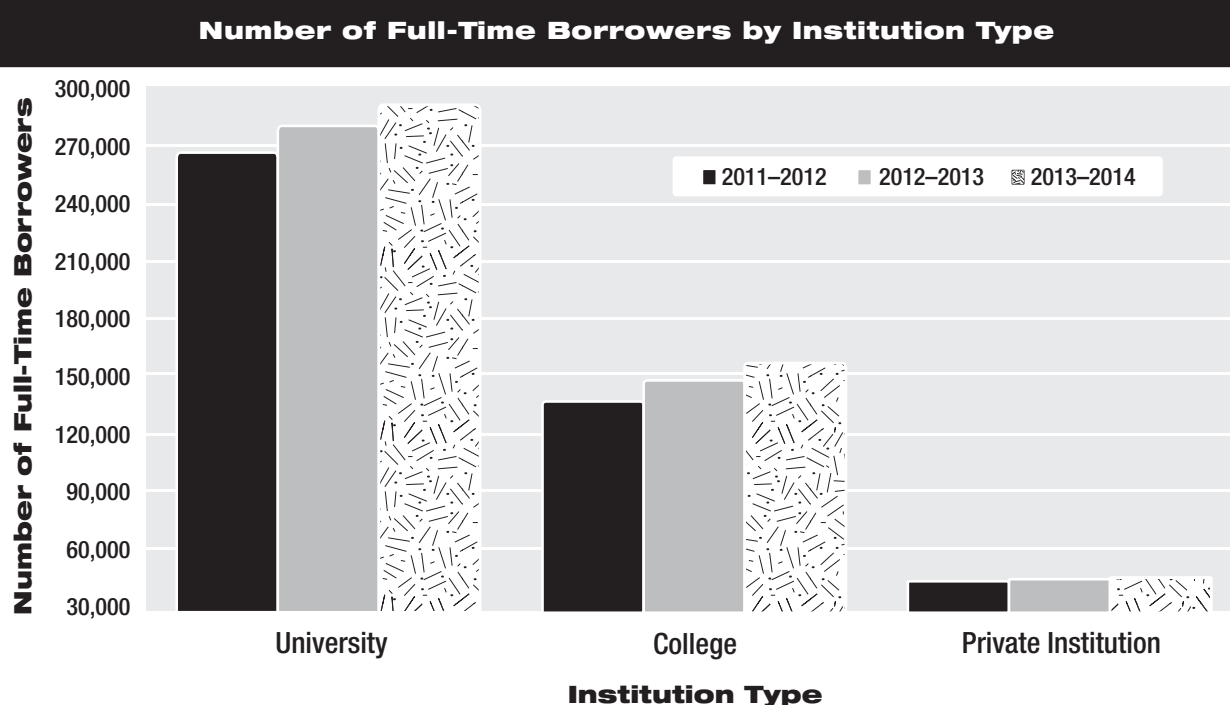
In 2013–2014:

- 59% of full-time student borrowers attended university;
- 32% attended college; and
- 9% attended a private institution.

These numbers remained virtually unchanged from 2012–2013.

The average loan amount disbursed in 2013–2014 continued to be highest among borrowers attending a private institution (\$7,549) and lowest among college attendees (\$4,735).

The following graph illustrates a breakdown of loans provided for full-time study at universities, colleges and private schools for 2013–2014, as well as for the two previous years:



What study level are borrowers enrolled in?

In 2013–2014, most full-time student borrowers (59%) were enrolled in undergraduate programs, while 37% were enrolled in non-degree programs, and 4% were masters or doctoral students. These proportions are similar to those from 2012–2013.

Average loan amounts were higher for full-time students in programs at the masters level (\$7,421) or doctorate level (\$8,141), as compared to those in undergraduate levels (\$5,428) or in non-degree programs (\$5,356).

Support for part-time studies

The vast majority of borrowers under the Canada Student Loans Program are full-time students, as evidenced by the amount of loans for full-time students (\$2.7 billion) as compared to part-time students (\$19.9 million).

Program changes in recent years have broadened access to financial assistance for those studying on a part-time basis, including adults retraining to upgrade their skills and better position themselves for the job market. Specifically, the Government increased the income thresholds used to assess the eligibility of part-time students for financial assistance and also eliminated the interest on loans while in-study. Furthermore, part-time students can now borrow up to a maximum of \$10,000, up from the previous limit of \$4,000.

In 2013–2014, \$19.9 million in Canada Student Loans for part-time study was provided to 11,300 students. This represents an increase of 17% from the number of part-time students who received support in the previous year.

The majority of part-time students with loans in 2013–2014 were 25 years of age or younger. Thirty-five percent were older than 25, in comparison to full-time borrowers, of whom only 20% were older than 25.

The average amount of loan given to part-time students in 2013–2014 was \$1,767. The average loan is significantly higher for part-time students attending private institutions (\$4,605) than those attending universities (\$1,639) or colleges (\$1,542).

The following table illustrates the increase in uptake of student loans for part-time studies over the past three years:

Canada Student Loans for Part-Time Study		
Loan Year	Number of Borrowers	Value of Loans (\$ million)
2011–2012	6,470	\$11.2
2012–2013	9,601	\$16.6
2013–2014	11,254	\$19.9



C. Loan repayment and repayment assistance

Canada Student Loans, like any loan, must be repaid by the borrower. However, unlike traditional bank loans, interest only begins to accumulate on a Canada Student Loan after completion of studies, and no payments are required in the first six months.

Loans are typically scheduled to be repaid through monthly payments over a 114 month (9.5 year) period. Depending on their financial situation and income level, borrowers may revise their repayment terms, either to pay more quickly or to extend the payment period (up to a maximum of 14.5 years).

The average Canada Student Loan debt has remained relatively stable over the past number of years. For students leaving school in 2013–2014, the average Canada Student Loan balance was \$12,480, a slight increase from the previous year (\$12,314). This loan balance reflects only the federal portion of a student loan. Borrowers may also have student loans from a province or territory.

In 2013–2014, slightly more than half of CSL borrowers (53%) had a balance of less than \$10,000, and a little over 19% of CSL borrowers had a balance greater than \$20,000.

Differences in loan balances are reflective of each student's particular situation. Among the key factors are the type and location of institution as well as the program of study. In 2013–2014, the average loan balance of university students (\$15,655) was higher than that of college students (\$9,452) and of those at private institutions (\$10,739). This difference is partly because university programs generally tend to take longer to complete.

Although full-time borrowers attending private educational institutions on average receive more in loans per academic year (\$7,549 in 2013–2014) than their university and college counterparts (\$5,577 and \$4,735 respectively), they typically accumulate less overall debt because their programs of study are generally shorter.

Canada Student Loan balances also differ by the students' province or territory of residence, ranging from just under \$9,000 (Manitoba) to approximately \$16,800 (Prince Edward Island). For students pursuing their post-secondary education outside their province, higher travel and living costs are reflected in higher borrowing amounts.

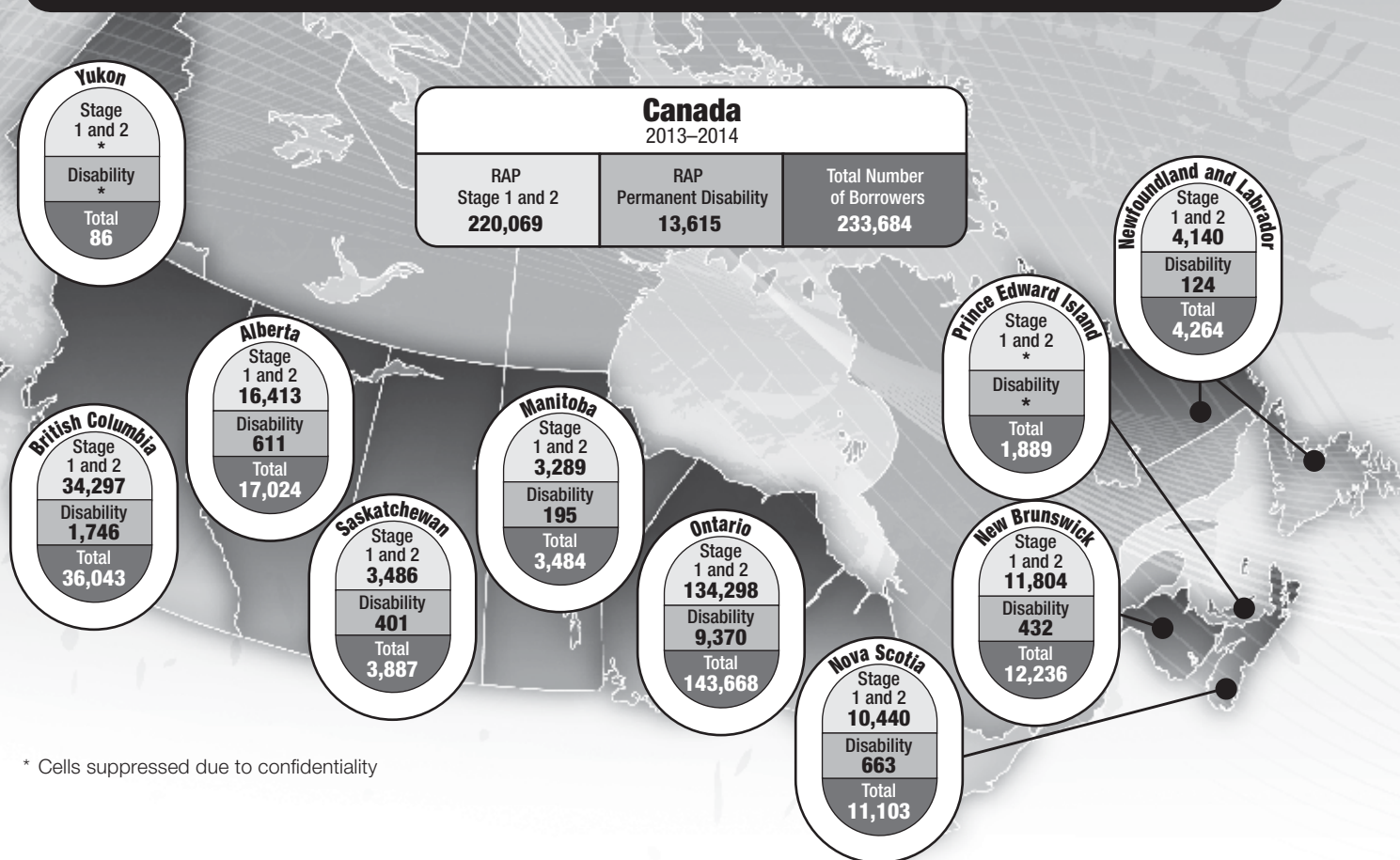
Repayment Assistance Plan

Borrowers who are having difficulty making their monthly Canada Student Loan payments can apply for help through the Repayment Assistance Plan (RAP). Depending on their financial situation—such as their income and family size—borrowers may be approved for a reduced monthly payment or not have to make any monthly payments for the duration of their six-month RAP term. In the event that repayment assistance is required, borrowers can continue to apply for RAP in six-month increments.

RAP is provided in two stages, which are seamless to the borrower. Under Stage 1, the Government covers the outstanding interest not met by the borrower's reduced payment. Borrowers that have received 60 months of RAP or have been out of school for more than 10 years, will begin to receive Stage 2 assistance, whereby the Government covers both the principal and interest not met by the borrower's reduced payment. This ensures that the balance of the loan is gradually paid off and that borrowers on RAP long-term do not have to take longer than 15 years (or 10 years for persons with permanent disabilities) to repay their loan.

There is also a Repayment Assistance Plan for borrowers with permanent disabilities (RAP-PD). Like RAP, RAP-PD is also designed to assist borrowers experiencing difficulty meeting their repayment obligations. For those approved for RAP-PD, the Government will cover the principal and interest not covered by the borrower's monthly RAP payments. This ensures that a borrower on RAP-PD long-term does not have remaining student loan debt after a period of 10 years. In addition, RAP-PD allows borrowers to claim disability-related expenses, which are taken into consideration when the RAP-PD application is assessed.

CSLP Borrowers Receiving Repayment Assistance by Province/Territory



As indicated in the diagram above, nearly 234,000 borrowers received assistance under RAP in 2013–2014, an increase of approximately 12% from the number who benefitted from RAP in the previous year. The vast majority (approximately 87%) of borrowers accessing RAP in 2013–2014 were approved under Stage 1, whereby they received Government support for interest portions of their loan payments.

Severe Permanent Disability Benefit

In very particular cases, some borrowers with a severe permanent disability may be eligible for loan forgiveness. The Severe Permanent Disability Benefit makes it possible to cancel the repayment obligations of borrowers who have a severe permanent disability and are unable to meet their repayment obligations. Approval for this benefit follows a medical assessment that a severe disability permanently prevents the individual from going to school or working in the future.

In 2013–2014, a little over \$8 million in Canada Student Loans were forgiven under this measure for approximately 550 individuals, with an average loan value of approximately \$15,000 per borrower.

Loan Forgiveness for Family Doctors and Nurses

Under a recent initiative implemented in 2013, the Government of Canada offers Canada Student Loan forgiveness to eligible family doctors, residents in family medicine, nurse practitioners and nurses who work in rural or remote communities. This benefit is aimed at helping more Canadians access the health care they need.

Family doctors or residents in family medicine may receive up to \$40,000 in Canada Student Loan forgiveness over a maximum of five years (\$8,000 per year), and nurses or nurse practitioners may receive up to \$20,000 in loan forgiveness over a maximum of five years (\$4,000 per year).

For 2013–2014, more than 1,700 applications were approved, enabling health professionals working in various rural and remote regions to reduce amounts owing on their Canada Student Loans by an average of \$4,223. The highest uptake for this benefit was among registered nurses.

Default rate has declined

Although the vast majority of students repay their loans fully and on time, the CSLP has several repayment assistance measures available for those who experience difficulty in repaying their loans, and the Program continues to work to reduce the default rate.

As the majority of defaults occur within three years of entering repayment, the CSLP uses a three-year cohort default rate as a main indicator of the performance of the Canada Student Loan portfolio. This rate compares the value of the loans that enter repayment in a given loan year (cohort) and default within three years to the value of all the loans that entered repayment in that cohort.

As noted in the table below, the default rate has remained relatively stable over the past number of years, with a slight decrease occurring for each of the last three years.

Canada Student Loan Three-Year Cohort Default Rates								
2004–2005	2005–2006	2006–2007	2007–2008	2008–2009	2009–2010	2010–2011	2011–2012	2012–2013 ^P
19%	17%	16%	15%	14%	15%	14%	13%	12%

A loan is deemed in default when in arrears for greater than 270 days under the direct-lending regime (roughly equivalent to missing nine monthly payments).

The three-year default rate is defined as the ratio of cumulative amount of all loans deemed in default for the period covering the year of consolidation and the subsequent two years, to the total amount of all loans consolidated in that year.

P: Projected rate for 2012–2013.



D. Communications and program delivery

Modernizing service delivery

Canadians' expectations for efficient and effective service delivery are on the rise. Following a commitment announced in Budget 2008, the Canada Student Loans Program (CSLP) has been working to streamline and modernize the delivery of student financial assistance (SFA). In collaboration with provincial/territorial partners, a service delivery vision has been developed which is aimed at providing student borrowers with simple, easy- to-manage access to SFA.

An important achievement is the implementation of a Master Student Financial Assistance Agreement (MSFAA) and Electronic Confirmation of Enrolment (ECE) to replace the Certificate of Eligibility paper process to issue loans and grants to student borrowers. Under this model, borrowers receiving a disbursement need only sign a paper document once. Subsequent disbursements are issued without the borrower going through the administrative process of re-signing subsequent loan agreements. As of the 2013–2014 academic year, both the MSFAA and ECE were fully implemented in all participating provinces/territories.

This initiative significantly enhances the loan experience for student borrowers by:

- providing more timely disbursements of financial assistance to students;
- reducing the paper-based administrative burden for students;
- increasing the readability and understanding of the rights and obligations of student borrowers; and
- producing greater efficiencies within the SFA delivery system.

In January 2013, the CSLP launched a new online Repayment Assistance Plan (RAP) application through the website of the National Student Loans Service Centre (NSLSC). After signing into their NSLSC account, borrowers can complete an online application with their loan information pre-populated. The application is submitted online, and supplementary documentation can be uploaded as well. This allows borrowers to apply for and receive RAP more quickly, improving the borrower experience and getting qualified borrowers assistance when they need it.

Work is underway to establish new authorities for e-delivery that will be incorporated into future delivery of student loans.



Measuring Program Performance

The Canada Student Loans Program (CSLP) is a statutory program that provides loans, grants and repayment assistance to all post-secondary students who meet eligibility criteria. The CSLP is responsible for ensuring that financial support effectively assists Canadian students, and that taxpayers' investment in the Program is properly managed. As such, the Program regularly measures and reports on:

- client satisfaction;
- awareness of student financial assistance;
- portfolio performance;
- program integrity; and
- program evaluation.

Client satisfaction

- The CSLP is committed to ensuring that clients receive quality service. A Client Satisfaction Survey² is used to assess clients' satisfaction with the services related to their Canada Student

Loans and Grants, including services provided by the CSLP directly, and those provided by the National Student Loans Service Centre (NSLSC).

- Eighty-one percent of clients said they were satisfied with the overall quality of service with regard to their Canada Student Loan and/or Grant. Satisfaction levels have remained high over the past number of years.
- Nearly four in five (79%) clients were satisfied with the quality of service provided by the NSLSC in the past year.

Awareness of student financial assistance

The CSLP also strives to ensure that borrowers are aware of the details of their loans, and the specific options available to them. Eighty-five percent of clients surveyed indicated their loan repayment options to be clear when they began repayment.

² Phoenix Strategic Perspectives Inc., Canada Student Loans Program 2014 *Client Satisfaction Research*.

Note: Figures given for the fiscal year (April 1, 2013, to March 31, 2014) represent a different time-frame from that of Loan Year (from August 1, 2013, to July 31, 2014).

Portfolio performance

The CSLP constantly monitors the Canada Student Loan portfolio to ensure that loans are being repaid, and not entering default. The default rate has remained steady in recent years, decreasing slightly to 12% (projected figure) for 2012–2013.

The NSLSC has been adding services to its website in order to help clients access their loan information in a centralized place and apply for services in a quick, efficient manner. For example, through the promotion of the online RAP application, 90% of applicants now apply online instead of by paper, which helps borrowers get approved for repayment assistance before missing payments on their loan.

Program integrity

The CSLP strives to safeguard the integrity of the Program and protect the investments made by borrowers in their post-secondary education. Safeguarding integrity means ensuring that all aspects of the Program are operating within the legal framework of the *Canada Student Financial Assistance Act* and the *Canada Student Loans Act*.

The CSLP has in place a number of policies and activities designed to ensure the program's integrity and to enhance governance and accountability:

- Administrative measures allow for restrictions to be applied to individuals who knowingly misrepresent themselves to obtain student financial assistance. Such individuals may be restricted from receiving student financial assistance for a specified period, may be required to immediately repay any money obtained as a result of false information and have their grants converted to repayable loans. If warranted, further action may also be undertaken such as criminal investigation or civil litigation. In 2013–2014, the CSLP undertook investigations of 88 cases of alleged misrepresentation, 48 of which were confirmed as abuse, involving nearly \$341,000 in student financial assistance.

- In keeping with provisions of the *Canada Student Financial Assistance Act*, the Office of the Chief Actuary conducts a statutory actuarial review of the CSLP at least once every three years in order to provide a long-term forecast of the CSLP portfolio and program costs. The most recent Actuarial Report (2014) is available on the website of the Office of the [Superintendent of Financial Institutions](#).
- The Designation Policy Framework establishes pan-Canadian criteria for designation—the process whereby post-secondary educational institutions are deemed eligible for student financial assistance programs (i.e. students can apply for student financial assistance if they are attending a designated school). The Framework ensures that federal and provincial and territorial student financial assistance portfolios operate within the principles and practices of reasonable financial stewardship. As a part of this Framework, the CSLP calculates and tracks the repayment rates of Canada Student Loans across Canada. In 2014 the rate was 87.7%, which is a full point higher than the previous year and the highest it has been over the past 11 years.

Program evaluation

While a program evaluation of the Repayment Assistance Plan and the service delivery vision for administering the CSLP was completed last year, the CSLP is undergoing a supplementary evaluation. It is focusing on evaluating the impact of Canada Student Grants, which includes a new performance measure of persistence in post-secondary education. As the impacts of grants on persistence and completion of post-secondary education are long range in nature, this evaluation will extend to 2015–2016 to gain a truer picture of the effects of Canada Student Grants.

APPENDIX A – Other Government Funding

Government funding

Although the Canada Student Loans Program (CSLP) is the largest program offering student financial assistance to Canadians, other funding sources exist at the federal, provincial and territorial levels.

Measures offered by Employment and Social Development Canada include the following:

- The Canada Education Savings Grant encourages Canadians to save for their children's post-secondary education by awarding grants to beneficiaries of Registered Education Savings Plans (RESPs).
- The Canada Learning Bond provides a grant to low-income families to begin an RESP and encourages parents to save for their children's post-secondary education.
- Individuals who receive Employment Insurance benefits can be eligible for courses, training programs or other support to make it easier for them to return to the labour market, while still receiving income support during that period. This service is either co-managed with the provinces and territories, or provided by the provinces and territories through federal transfer payments.
- Provinces and territories may choose not to participate in the CSLP. These provinces and territories receive an alternative payment to assist in the cost of delivering a similar student financial assistance program.

Canada Millennium Scholarship Foundation

- The Canada Millennium Scholarship Foundation (CMSF) was established in 1999 with an endowment of \$2.5 billion and a 10-year mandate to promote access to post-secondary education. The CMSF provided non-repayable bursaries and excellence awards to eligible students. In Budget 2008, it was announced that the CMSF would sunset at the end of the 2008–2009 loan year and that measures would be taken to ensure that students would not be impacted negatively by the CMSF's sunsetting.
- Budget 2008 introduced the transition grants which were provided by the CSLP. Transition grants were disbursed to former recipients of the CMSF bursaries to ensure that they continued to receive the same level of assistance after the sunsetting of the CMSF. The CSLP disbursed these grants until they were phased out by 2012–2013 as students completed their programs.
- In addition to the transition grants, the CSLP is also continuing to support Millennium Excellence Award recipients. In 2013–2014, 17 individuals received Millennium Excellence Awards worth approximately \$100,000.

Other federal programs and initiatives related to post-secondary education include the following:

- The Canada Social Transfer is a federal transfer of funds to provinces and territories in support of post-secondary education, social assistance and social services.
- Indigenous and Northern Affairs Canada assists First Nations and Inuit students with the costs of tuition, books and travel, and provides living allowances through the Post-Secondary Student Support Program. As well, the University College Entrance Preparation Program provides financial assistance to First Nations and eligible Inuit students enrolled in university or college entrance programs. The purpose of the Program is to help them obtain the grades they require to enter a degree or diploma program. Post-secondary institutions also receive support through the Post-Secondary Partnerships Program to develop and deliver special programs for First Nations and Inuit people.
- Tax relief is available to all individuals with federal and provincial or territorial loans through a federal tax credit on the annual interest paid on their student loans.
- The tuition tax credit provides tax relief for students' expenditures toward tuition fees.
- The education tax credit provides up to \$400 per month for full-time students and \$120 per month for part-time students to help offset education expenses.
- The textbook tax credit recognizes the rising cost of educational materials. This credit is \$65 per month for full-time post-secondary students and \$20 per month for part-time students.
- The Official Languages Support Program helps provinces and territories fund minority-language education and second-language instruction.
- Industry Canada offers scholarships and fellowships under the Natural Sciences and Engineering Research Council of Canada and the Social Sciences and Humanities Research Council of Canada.
- Provincial/territorial and other funding include the following:
 - Provincial and territorial governments offer loans, grants, scholarships, tax credits and repayment assistance measures.
 - Students may also apply for scholarships and bursaries from their educational institutions, financial institutions and community groups.

APPENDIX B – Financial Data: Consolidated Report on the Canada Student Loans Program

All data in this section represent the fiscal year³ April 1, 2013, to March 31, 2014.

Consolidated report on the Canada Student Loans Program

In August 2000, the Canada Student Loans Program (CSLP) was shifted from the risk-shared financing arrangements in place with financial institutions between 1995 and July 2000, to a direct student loan financing plan. The Government of Canada provides the necessary funding to students, and a private-sector service provider administers the loans.

Reporting entity

The entity detailed in this report is the CSLP only and does not include departmental operations related to the delivery of the CSLP. Expenditure figures are primarily statutory in nature, made under the authority of the *Canada Student Loans Act* and the *Canada Student Financial Assistance Act*.

Basis of accounting

The financial figures are prepared in accordance with generally accepted accounting principles and as reflected in the *Public Sector Accounting Handbook* of the Canadian Institute of Chartered Accountants.

³ Note: Figures given for the fiscal year (April 1, 2013, to March 31, 2014) represent a different time-frame from that of Loan Year (from August 1, 2013, to July 31, 2014).

Consolidated Canada Student Loans Programs – Combined Programs

(millions of dollars)	Actual		
	2011–2012	2012–2013	2013–2014
Revenues			
Interest Revenue on Direct Loans	504.4	539.8	580.2
Recoveries on Guaranteed Loans	20.0	17.0	14.9
Recoveries on Put-Back Loans (RS)	10.1	8.7	7.4
Total Loan Revenue	534.5	565.5	602.5
Expenses			
<i>Transfer Payment</i>			
Canada Study Grants, Canada Access Grants and Canada Student Grants Program	648.9	680.2	725.4
<i>Loan Administration</i>			
Collection Costs (All regimes) ^a	22.5	21.7	22.2
Program Delivery Costs (DL)	66.4	72.7	72.5
Risk Premium to Financial Institutions (RS)	0.1	0.0	(0.0)
Put-Back to Financial Institutions (RS)	3.7	2.8	2.0
Administrative Fees to Provinces and Territories and Special Investment Fund (DL)	27.6	28.6	29.3
Total Loan Administration Expenses	120.3	125.8	126.1
<i>Cost of Government Support Benefits to Students</i>			
In-Study Interest Borrowing Expense (Class A – DL) ^a	142.7	112.3	160.5
In Repayment Interest Borrowing Expense (Class B – DL) ^a	155.1	122.8	175.9
In-Study Interest Subsidy (RS & GL)	1.0	0.7	0.4
Repayment Assistance Programs ^b	109.8	123.5	141.5
Claims Paid & Loans Forgiven (All regimes)	9.7	10.8	18.2
Total Cost of Government Support Benefits to Students	418.3	370.1	496.5
<i>Bad Debt Expense^c</i>			
Debt Reduction in Repayment Expense (DL)	352.7	68.0	105.4
Bad Debt Expense (DL)	340.3	317.1	474.2
Total Bad Debt Expense	693.0	385.1	579.6
Total Loan Expenses	1,880.5	1,561.2	1,927.6
Net Operating Results	1,346.0	995.7	1,325.1
Alternative Payments to Non-Participating Provinces (DL) ^d	288.2	253.7	298.4
Final Net Operating Results	1,634.2	1,249.4	1,623.5

(DL) = Direct Loans
(RS) = Risk-Shared Loans
(GL) = Guaranteed Loans

^a These costs are related to Canada Student Direct Loans but reported by the Department of Finance.

^b Interest Relief and Debt Reduction in Repayment has been replaced by the Repayment Assistance Programs.

^c This represents the annual expense against the Provisions for Bad Debt and Repayment Assistance Payments – Principal as required under Accrual Accounting.

^d The figures represent the annual expense recorded under the Accrual Accounting as opposed to the actual amount disbursed to the Non-Participating Provinces. For 2013–2014, the total amount disbursed as Alternative Payments is \$277.7 million.

Glossary

See *CanLearn.ca* for a more thorough glossary of terms related to the Canada Student Loans Program (CSLP) and student financial assistance.

Canada Student Grants: On August 1, 2009, Canada Student Grants replaced the existing Canada Access Grants, Canada Study Grants and grants offered by the Canada Millennium Scholarship Foundation. Grants are available for:

- Students from Low-income Families: \$250 per month, to a maximum of \$3,000 per year for full-time students in a multi-year program;
- Students from Middle-income Families: \$100 per month, to a maximum of \$1,200 per year for full-time students in a multi-year program;
- Students with Dependants: For full-time students, \$200 per month of study, per child under 12 years of age, or a dependant with a permanent disability who is 12 or over. For part-time students with up to two children under 12 years of age, \$40 per week of study. For part-time students with three or more children under 12 years of age, \$60 per week of study.
- Part-time Studies: For students from low-income families, up to \$1,200 per year, depending on assessed need.
- Students with Permanent Disabilities: \$2,000 per year for full-time or part-time students with permanent disabilities.
- Services and Equipment for Students with Permanent Disabilities: Up to \$8,000 per year to cover exceptional education-related costs such as tutors, note-takers, sign interpreters, brailers or technical aids.

Consolidation: Borrowers consolidate their student loan(s) six months after completing their post-secondary studies (or ending full-time studies). Repayment begins once they have consolidated their loans.

Default: A Canada Student Loan, issued under the direct loans regime, enters into default once a borrower has missed payments for 270 days. Loans issued under the guaranteed and risk-shared loan regimes enter into default when payments are in arrears for 90 days or more.

Default rate: The CSLP measures default using a three-year cohort default rate. This rate shows the proportion of loan dollars that enter repayment in a given loan year (cohort) and default within three years. For example, the 2011–2012 default rate represents the proportion of loan dollars that entered repayment in 2011–2012 and defaulted before August 1, 2014.

Designated: A designated post-secondary educational institution meets provincial and federal eligibility criteria, and students attending these schools can apply for government-sponsored student financial assistance, such as Canada Student Loans.

Direct loans:	As of August 2000, the federal government issues Canada Student Loans under the direct loans regime. Loans are directly financed by the Government and a third-party service provider administers the loan process.
Full-time:	A full-time student is a student enrolled in at least 60% of a full course load (or 40% for students with permanent disabilities) in a program of study of at least 12 consecutive weeks at a designated post-secondary educational institution.
Guaranteed loans:	Between 1964 and 1995, Canada Student Loans were provided by financial institutions (such as banks) under the guaranteed loans regime. If a student defaulted on a guaranteed loan, the Government paid out the bank and the student's debt was then owed directly to the Government.
Integrated province:	In integrated provinces, federal and provincial loans are combined so borrowers receive and repay one federal-provincial integrated loan. The federal and provincial governments work together to make applying, managing and repaying loans easier. The CSLP has integration agreements with five provinces: Ontario, New Brunswick, Newfoundland and Labrador, Saskatchewan and British Columbia.
In-study:	The status of borrowers attending full-time or part-time studies at a post-secondary institution, or who have finished school less than six months ago.
In-study interest subsidy:	The Government of Canada covers the interest on Canada Student Loans while borrowers are in school (i.e. borrowers who have in-study status).
Loan year:	August 1 to July 31.
Millennium Excellence Awards:	Merit scholarship for academic excellence, innovative leadership and community service, awarded by the Canada Millennium Scholarship Foundation (CMSF). Since the closure of the CMSF, the CSLP has administered these awards.
National Student Loans Service Centre (NSLSC):	<p>The National Student Loans Service Centre (NSLSC) is the main point of contact for borrowers in managing their loans, from loan disbursement to repayment and repayment assistance. The NSLSC is a third-party service provider that manages all Canada Student Loans issued on or after August 1, 2000, as well as integrated student loans for:</p> <ul style="list-style-type: none"> • New Brunswick and Newfoundland and Labrador, issued on or after August 1, 2000; • Ontario and Saskatchewan, issued on or after August 1, 2001; and • British Columbia, issued on or after August 1, 2011.
Part-time:	A part-time student is a student taking between 20% and 59% of a full course load. Students with permanent disabilities may be accorded part-time status if they are taking between 20% and 39% of a full course load (and if they are taking between 40% and 59% of a full course load they can elect to be considered either as a full- time or part-time student for the purpose of the CSLP).

Participating provinces/territories:	The provinces and territories that choose to deliver financial assistance to students within the framework of the CSLP. They include Newfoundland and Labrador, Prince Edward Island, Nova Scotia, New Brunswick, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia and Yukon.
Province/territory of residence:	A student's province or territory of residence is the province or territory where they have most recently lived for at least 12 consecutive months (not including time spent in a province or territory as a full-time student at a post-secondary institution). For example, an individual from Manitoba studying in Ontario would be considered a Manitoba student.
Post-secondary education:	Levels of education following secondary school (high school) at all designated public or private post-secondary institutions.
Repayment:	The status of borrowers who have begun repaying their Canada Student Loans. Repayment begins six months following the end of studies.
Repayment Assistance Plan (RAP):	On August 1, 2009, RAP replaced CSLP's previous debt management programs (Interest Relief and Debt Reduction in Repayment). RAP is a temporary repayment assistance measure where a borrower repays an affordable monthly amount (or none) based on family income, family size and outstanding loan balance. RAP ensures that the repayment period will not exceed 15 years (or 10 years for a borrower with a permanent disability). Under RAP, eligible borrowers receive assistance for periods of six months and can reapply as long as they remain eligible.
Repayment rate:	The repayment rate is the percentage of the total principal amount of Canada Student Loans consolidated in a given loan year that is repaid or in good standing at the end of the subsequent loan year.
Revision of terms:	A means of allowing borrowers to manage their loan repayment in a way that is responsive to their situation. It can be used to decrease monthly payments (extending the loan term to a maximum of 14.5 years), or to increase loan payments allowing the borrower to pay off the loan sooner.
Risk-shared loans:	Between 1995 and 2000, Canada Student Loans were provided by financial institutions (such as banks) under the risk-shared loans regime. Under this regime, financial institutions assumed responsibility for a portion of the possible risk of defaulted loans in return for a payment from the Government.
Severe Permanent Disability Benefit:	In certain cases, some borrowers may be eligible for loan cancellation. The Severe Permanent Disability Benefit makes it possible to cancel the repayment obligations of borrowers whose permanent disability prevents them from studying at a post-secondary level and taking part in the labour force and is expected to remain with them for life.
Transition Grant:	This grant, issued until 2012, replaced the Millennium Bursary following the sunset of the Canada Millennium Scholarship Foundation in 2009. It ensured that 2008–2009 Millennium Bursary recipients continued to receive at least the same level of grant funding for the remainder of their post-secondary education programs.