



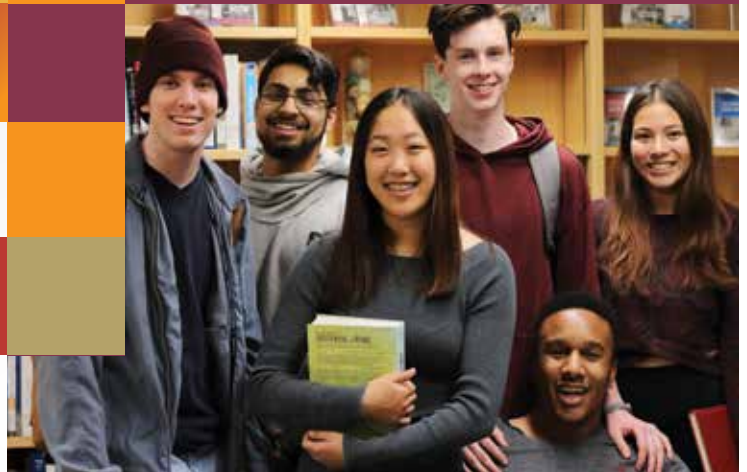
Employment and  
Social Development Canada

Emploi et  
Développement social Canada

## CANADA STUDENT LOANS PROGRAM

# 2015-2016

### Annual Report



Canada

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## MESSAGE FROM THE MINISTER



Pursuing a post-secondary education has never been more important than it is today. In fact, having a higher education is increasingly becoming a requirement in the workplace, with more than two thirds of Canadian jobs from now to 2024 expected to require some form of post-secondary education.

Acquiring a post-secondary education is a smart investment and has several future benefits for both individuals and Canadian society as a whole, including increased employability. Typically, higher levels of education translate to higher employment rates; those who complete college, university, a polytechnic program or an apprenticeship program have a better chance of finding a good quality job. I experienced this first-hand when I returned to school as an adult.

That's why we are so committed to making post-secondary education more accessible and affordable for all Canadians. No one should be denied an education, no matter their economic or social situation. Removing barriers faced by students from low and middle-income families helps to ensure that all Canadians get the skills they need to make a successful transition to the labour market.

During the 2015–2016 school year, the Canada Student Loans Program provided over \$3.4 billion in loans and grants to more than 516,000 students across the country, and since its creation in 1964, the Program has provided over \$51 billion in Canada Student Loans to more than 5 million Canadians to help them finance their education and equip them to achieve their career aspirations.

In addition, through Budget 2016, we've made significant progress through the implementation of:

- increases to Canada Student Grant amounts by 50% for full- and part-time students from low- and middle-income families;

- new thresholds to expand eligibility for Canada Student Grants for full-time students, allowing even more students to receive non-repayable assistance;
- a new fixed student contribution to determine eligibility for Canada Student Loans and Grants, allowing students to work and gain valuable labour market experience without having to worry about a reduction in their level of financial assistance; and
- enhancements to the Repayment Assistance Plan, making it more responsive to recent graduates' circumstances by ensuring that no single borrower is required to make any repayment until he or she is earning at least \$25,000 per year.

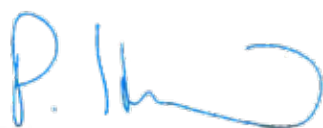
Furthermore, to help set the foundation for a culture of lifelong learning—one that will help equip Canadians with the skills they need to be competitive in the workforce, now and in the future—Budget 2017 announced the Skills Boost initiative, which:

- expands eligibility for Canada Student Grants and Loans for part-time students and full- and part-time students with dependants, starting in the 2018–2019 academic year;
- introduces a three-year pilot project to provide \$1,600 per-year top-up grants to make it easier for adult learners to qualify for Canada Student Loans and Grants, starting in the 2018–2019 academic year; and
- includes measures to make better use of and expand existing flexibilities under the Employment Insurance program to help unemployed adults who lose their job after several years in the workforce to keep Employment Insurance benefits as they pursue self-funded training.

The impact of these changes will be reflected in future annual reports.

The Canada Student Loans Program has had a positive impact on the lives of hundreds of thousands of Canadians every year for the past 50 years and has helped make Canada one of the most educated countries in the world, with more than half of the population between the ages of 25 and 64 achieving some sort of post-secondary education.

Once again, it makes me so proud to present the 2015–2016 Annual Report of the Canada Student Loans Program.



The Honourable Patty Hajdu, 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, repayment assistance and other program benefits during the 2015–2016 loan year (August 1, 2015, to July 31, 2016).

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

## Vision and mission

### Employment and Social Development Canada

The mission of Employment and Social Development Canada (ESDC), including the Labour Program and Service Canada, is to build a stronger and more inclusive Canada, to support Canadians in helping them live productive and rewarding lives and improving Canadians' quality of life.

To fulfill its mission, the Department is responsible for:

- developing policies that ensure all can use their talents, skills and resources to participate in learning, work and their community;
- delivering programs that help Canadians move through life's transitions, from school to work, from one job to another, from unemployment to employment, from the workforce to retirement;
- providing income support to seniors, families with children and Employment Insurance beneficiaries;
- fostering inclusive growth by providing opportunity and assistance to Canadians with distinct needs, such as Indigenous people, people with disabilities, homeless people and recent immigrants;
- overseeing labour relations, occupational health and safety, labour standards, employment equity and workers' compensation in the federal jurisdiction; and
- delivering programs and services on behalf of other departments and agencies, such as passport services delivered on behalf of Immigration, Refugees and Citizenship Canada and services to veterans delivered on behalf of Veterans Affairs Canada.

## Canada Student Loans Program

The CSLP provides repayable and non-repayable student financial assistance (loans and grants) to eligible students to help them access and afford post-secondary education. The Program also offers repayment assistance to borrowers who have difficulty repaying their student loans.

## 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.

Following are the key highlights of the components of the CSLP in the 2015–2016 loan year.

## Canada Student Grants

- In 2015–2016, nearly 369,000 students received financial assistance in the form of grants. This includes more than 17,800 grants to support students in part-time study.
- The total value of grants awarded to students in 2015–2016 was \$720 million; an increase of 0.3% from the previous year.

## Canada Student Loans

- In 2015–2016, the CSLP provided:
  - o 490,000 full-time students with \$2.7 billion in loans; and
  - o 13,700 part-time students with \$24.1 million in loans.
- This includes almost 6,600 students who received loans for both full-time and part-time study, or approximately 497,000 individual students who received loans.
- The number of full-time students receiving Canada Student Loans in 2015–2016 increased by 0.2%, while the number of part-time students increased by 13.5% from the previous year.



## Repayment Assistance Plan

- More than 276,000 borrowers received support under the Repayment Assistance Plan in 2015–2016; an increase of almost 7.8% from the previous year.

## Support for students with permanent disabilities

- In 2015–2016, the CSLP disbursed 44,000 grants to support students with permanent disabilities, an increase of approximately 7.6% from the previous year.
- Nearly 19,300 individuals received support under the Repayment Assistance Plan for Students with a Permanent Disability, and a further 710 borrowers had loan obligations forgiven by means of the Severe Permanent Disability Benefit.

## Loan forgiveness for doctors and nurses

- In the 2015–2016 fiscal year, \$17.0 million of student loans was forgiven under the forgiveness measure for family doctors, residents in family medicine, nurse practitioners and nurses who work in rural or remote communities. Nearly 4,000 individuals benefitted from this initiative, an increase of 33.4% from the previous fiscal year.

## Setting the context

The CSLP enables Canadians to meet the costs of higher education by offering financial support in the form of:

- student loans
- student grants
- repayment assistance and loan forgiveness

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 the end of studies.

Canada Student Grants are a 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 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 [NSLSC]) 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 governments to deliver student financial assistance to Canadian students. Applicants in participating jurisdictions are assessed for 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, while the province or territory typically covers the remaining 40%.

As a result of integration agreements negotiated between the Government of Canada and 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 a single, integrated loan, 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 NSLSC as their one point of contact.

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.

## Service delivery

The 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 to implement a service delivery vision aimed at providing students with simple, easy-to-manage access to financial assistance. Measures include improved online services, application and repayment processes, and 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 print materials. A key objective of the CSLP is to improve awareness of programs for students who have traditionally faced barriers in accessing post-secondary education.

Information about the CSLP is available on [Canada.ca](http://Canada.ca), including information to help Canadians save, plan and pay for their post-secondary education. The website includes step-by-step application instructions, financial assistance estimators and databases on academic programs and scholarships. There were more than six million visits to Government of Canada websites in 2015–2016 for information on post-secondary education and learning resources in Canada.

The [Government of Canada website](#) also links to the NSLSC website, which enables borrowers to conveniently and securely access their loan accounts, receive communications concerning their account, confirm their enrolment, customize their repayment and, if necessary, apply for repayment assistance.

## Program results

Included in this section is key data about the level and type of financial assistance provided to students in 2015–2016, as well as information about loan recipients entering repayment following the completion of their studies.

### A. Canada Student Grants

Canada Student Grants are designed to inform students up front of how much money they will receive. Grants do not have to be repaid, which helps make student debt more manageable. Grants are targeted towards students from low- and middle-income families, with eligibility based on family income and financial circumstances. Income threshold levels are adjusted annually to reflect cost of living and family size in each jurisdiction. Eligibility is assessed at the time the student applies for student loans.

Canada Student Grants were 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 with a permanent disability).

Grants are also available to students with permanent disabilities. These students are entitled to a grant of \$2,000 per academic year. Additional funding of up to \$8,000 is available for those who require special services or equipment. Students are considered for these grants when they apply for a Canada Student Loan and provide documentation regarding their disability.

In 2015–2016, more than 432,000 Canada Student Grants were provided to almost 369,000 students (some students receive more than one type of grant). This represents a 0.8% increase in the number of students who received grants from 2014–2015.

The following table summarizes the distribution of each type of grant provided in 2015–2016.

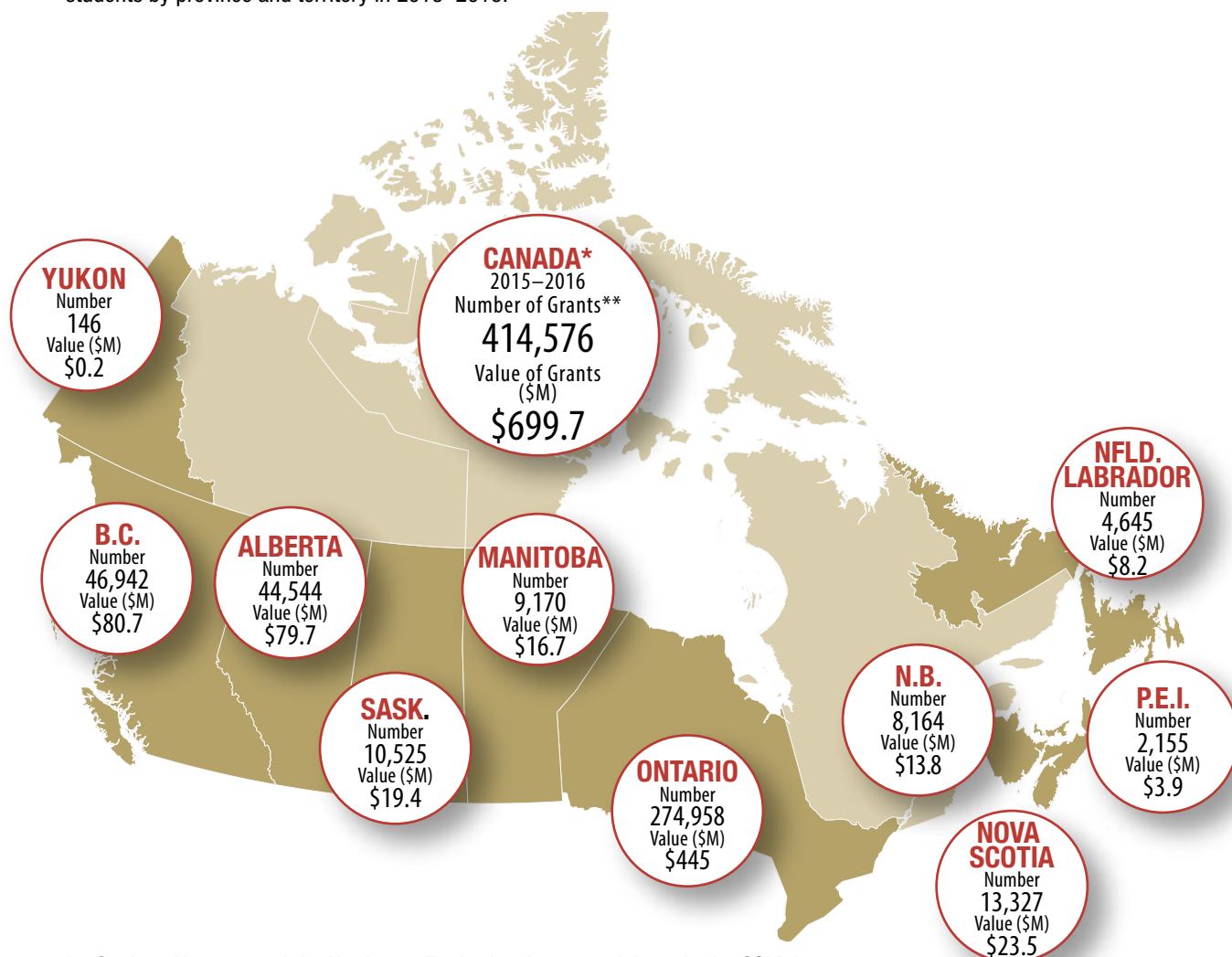
**TABLE 1**  
**Distribution of grants provided in 2015–2016, by type of grant**

Type of grant	2014–2015		2015–2016	
	Number of grants	Value (\$M)	Number of grants	Value (\$M)
<b>Full-time studies</b>				
Students from low-income families	236,675	453.5	237,667	451.3
Students from middle-income families	95,820	72.8	97,564	73.5
Full-time students with dependants	36,676	90.4	35,347	86.3
Students with permanent disabilities	31,356	59.4	34,104	65.0
Students with permanent disabilities – equipment and services	9,544	23.6	9,894	23.5
<b>Total full-time grants</b>	<b>410,071</b>	<b>699.6</b>	<b>414,576</b>	<b>699.7</b>
<b>Part-time studies</b>				
Part-time students	15,958	17.7	17,432	19.4
Part-time students with dependants	378	0.4	408	0.4
<b>Total part-time grants</b>	<b>16,336</b>	<b>18.1</b>	<b>17,840</b>	<b>19.8</b>
<b>Total number of grants</b>	<b>426,407</b>	<b>717.7</b>	<b>432,416</b>	<b>719.5</b>
<b>Total unique grant recipients</b>	<b>365,832</b>	<b>717.7</b>	<b>368,940</b>	<b>719.5</b>

## Diagram 1

### 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 2015–2016:



\* 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. 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 Program. 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 2015–2016, the Program provided \$2.7 billion in loans to nearly 490,000 full-time post-secondary students, representing a 0.2% increase from the number of borrowers in 2014–2015.

The demographic profile of Canada Student Loan recipients remained consistent with that of previous years. In 2015–2016:

- 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.
- Eighty-nine percent of full-time students were single.
- Female students comprised 59% of loan recipients, while male students represented 41% of recipients.
- Two-thirds of full-time students (66%) were residents of Ontario. Students from British Columbia (11%) and Alberta (11%) comprised the next two highest proportions of loan recipients. The remaining 12% were from the other seven participating jurisdictions.

**TABLE 2**  
**Full-time Canada Student Loan disbursement by  
province and territory**

Province or Territory	2014–2015			2015–2016		
	Number of borrowers (full-time students)	Total value (\$M)	Average Canada Student Loan	Number of borrowers (full-time students)	Total value (\$M)	Average Canada Student Loan
Newfoundland and Labrador	5,826	28.0	4,812	6,102	28.9	4,732
Prince Edward Island	2,900	18.8	6,473	2,663	17.0	6,381
Nova Scotia	16,311	115.1	7,057	16,313	113.9	6,982
New Brunswick	12,059	66.4	5,510	11,500	63.6	5,527
Ontario	323,232	1,736.6	5,373	322,386	1,722.7	5,344
Manitoba	9,631	46.0	4,780	10,052	48.0	4,776
Saskatchewan	11,199	68.6	6,130	11,642	71.0	6,102
Alberta	50,885	285.9	5,619	55,900	318.3	5,693
British Columbia	56,574	335.7	5,933	53,207	313.8	5,898
Yukon	164	1.0	5,991	170	1.0	5,761
<b>Total</b>	<b>488,781</b>	<b>2,702.2</b>	<b>5,529</b>	<b>489,935</b>	<b>2,698.2</b>	<b>5,507</b>

As noted in Table 2, in 2015–2016 the number of full-time Canada Student Loan borrowers increased by about 1,200 (or 0.2%) from the previous year. The average Canada Student Loan amount in 2015–2016 was \$5,507, which is slightly lower than the amount of \$5,529 in 2014–2015.

The loan amounts in Table 2 represent one academic year (2015–2016) and do not include the amount of provincial or territorial loans a student may have received in 2015–2016 or loans that may have been received in previous years.

### **Where do borrowers go to school?**

In 2015–2016, the vast majority of student loan recipients remained in their home province or territory to pursue post-secondary education. Approximately 9% of recipients studied outside their home province or territory or went abroad to study.

Student borrowers from large provinces were less likely to study outside their home province. For example, just under 5% of 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: 85% of student borrowers from Yukon and 43% of student borrowers from Prince Edward Island studied outside their home jurisdictions in 2015–2016.

Almost 11,600 Canada Student Loan recipients, accounting for approximately 2% of the total number of borrowers, studied outside Canada in 2015–2016. Half of these students undertook study programs in the United States, while the other half were enrolled in schools in other countries.

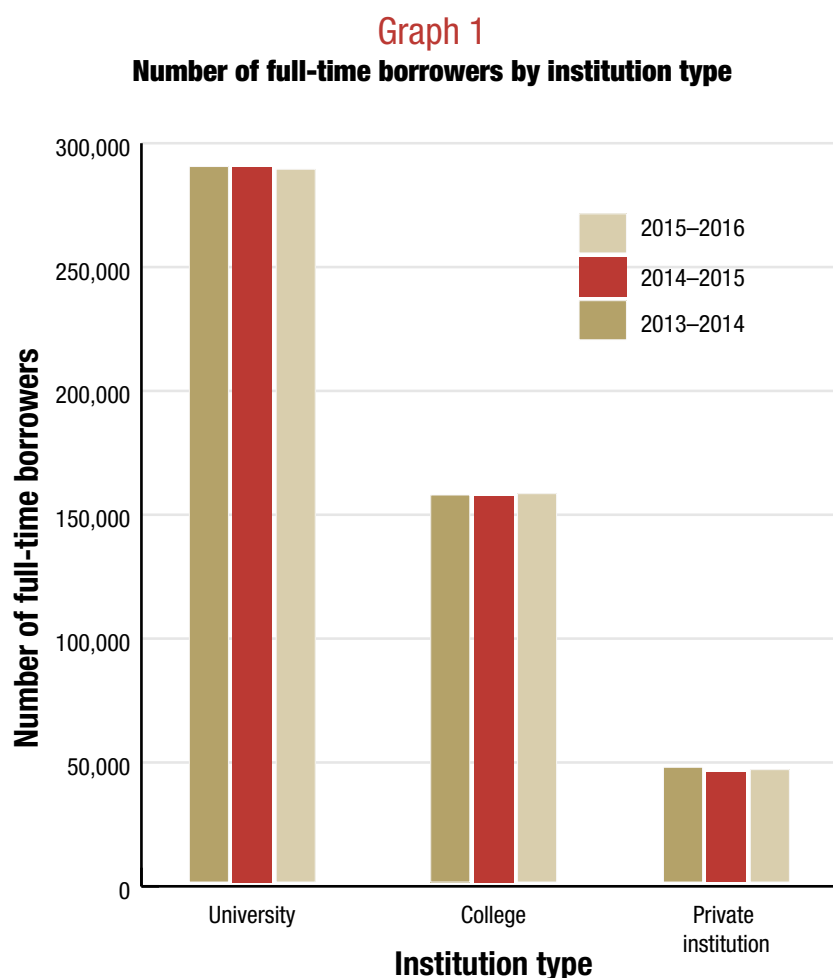
### What types of institutions do borrowers attend?

In 2015–2016:

- fifty-nine percent of full-time student borrowers attended university;
- thirty-two percent attended college; and
- nine percent attended a private institution.

These numbers remained virtually unchanged from 2014–2015. The average loan amount disbursed in 2015–2016 continued to be highest among borrowers attending a private institution (\$7,454) and lowest among college attendees (\$4,723).

The following graph illustrates a breakdown of loans provided for full-time study at universities, colleges and private schools for 2015–2016 and the two previous years:





### **What level of study are borrowers enrolled in?**

In 2015–2016, most full-time student borrowers (59%) were enrolled in undergraduate programs, while 36% were enrolled in certificate or diploma programs and 5% were masters or doctoral students. These proportions are similar to those from 2014–2015.

Average loan amounts were higher for full-time students in programs at the master's level (\$7,288) or doctorate level (\$8,091), as compared to those at the undergraduate level (\$5,468) or in non-degree programs (\$5,322).

### **Support for part-time studies**

The vast majority of borrowers under the CSLP are full-time students, as evidenced by the amount of loans for full-time students (\$2.7 billion) as compared to that for part-time students (\$24.1 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 of Canada 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 \$10,000.

In 2015–2016, \$24.1 million in part-time Canada Student Loans were provided to 13,700 students. This represents an increase of 13.5% from the previous year in the number of part-time students who received support.

The majority of part-time students (68%) with loans in 2015–2016 were 25 years of age or younger. Thirty-two percent were older than 25, in comparison to full-time borrowers, of whom only 20% were older than 25.

The average loan amount for part-time students in 2015–2016 was \$1,760. Although students attending private institutions only represent 4% of all part-time students, their average loan is significantly higher (\$5,454) than loans of those of attending universities (\$1,630) or colleges (\$1,572).



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

**Table 3**  
**Canada Student Loans for part-time study**

Loan year	Number of borrowers	Value of loans (\$M)
2013–2014	11,254	\$19.9
2014–2015	12,086	\$20.9
2015–2016	13,712	\$24.1

### C. Loan repayment and repayment assistance

Canada Student Loans, like any loan, must be repaid. 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 period (9.5 years). Depending on their financial situation and income level, borrowers may revise their repayment terms to pay more quickly or extend the payment period (up to a maximum of 14.5 years).

The average Canada Student Loan balance at the time of leaving school was \$13,306 for 2015–2016, which is an increase of 4.1% from the previous year (\$12,783). This loan balance reflects only the federal portion of a student loan. Borrowers may also have had student loans from a province or territory, as well as from private sources. In 2015–2016, nearly half of Canada Student Loan borrowers (49%) had a balance of less than \$10,000, and 23% of Canada Student Loan borrowers had a balance greater than \$20,000.

Differences in loan balances reflect each student's particular situation. Loan balance is measured at the time of leaving school, which includes students who graduate, as well as those who do not complete their program of study. Among the key factors are the type and location of institution as well as the program of study. In 2015–2016, the average loan balance of university students (\$16,727) was higher than that of college students (\$10,172) and of those at private institutions (\$11,137). This difference is partly because university programs generally tend to take longer to complete.

Canada Student Loan balances also differ by student province or territory of residence, ranging from an average of \$9,710 (Manitoba) to \$17,704 (Prince Edward Island). The large variation in the average debt across jurisdictions can be attributed to a combination of factors including tuition fees, cost of living, and the proportion of students studying away from home. For example, tuition fees in Manitoba are lower than those in Prince Edward Island. For students pursuing their post-secondary education outside of their province, higher travel and living costs are reflected in higher borrowing amounts.

## Repayment Assistance Plan

Borrowers who have 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 family income and size—borrowers may be approved for a reduced monthly payment or may not have to make any monthly payments for the duration of their six-month RAP term. In the event that repayment assistance is still required, borrowers can re-apply for RAP in six-month increments.

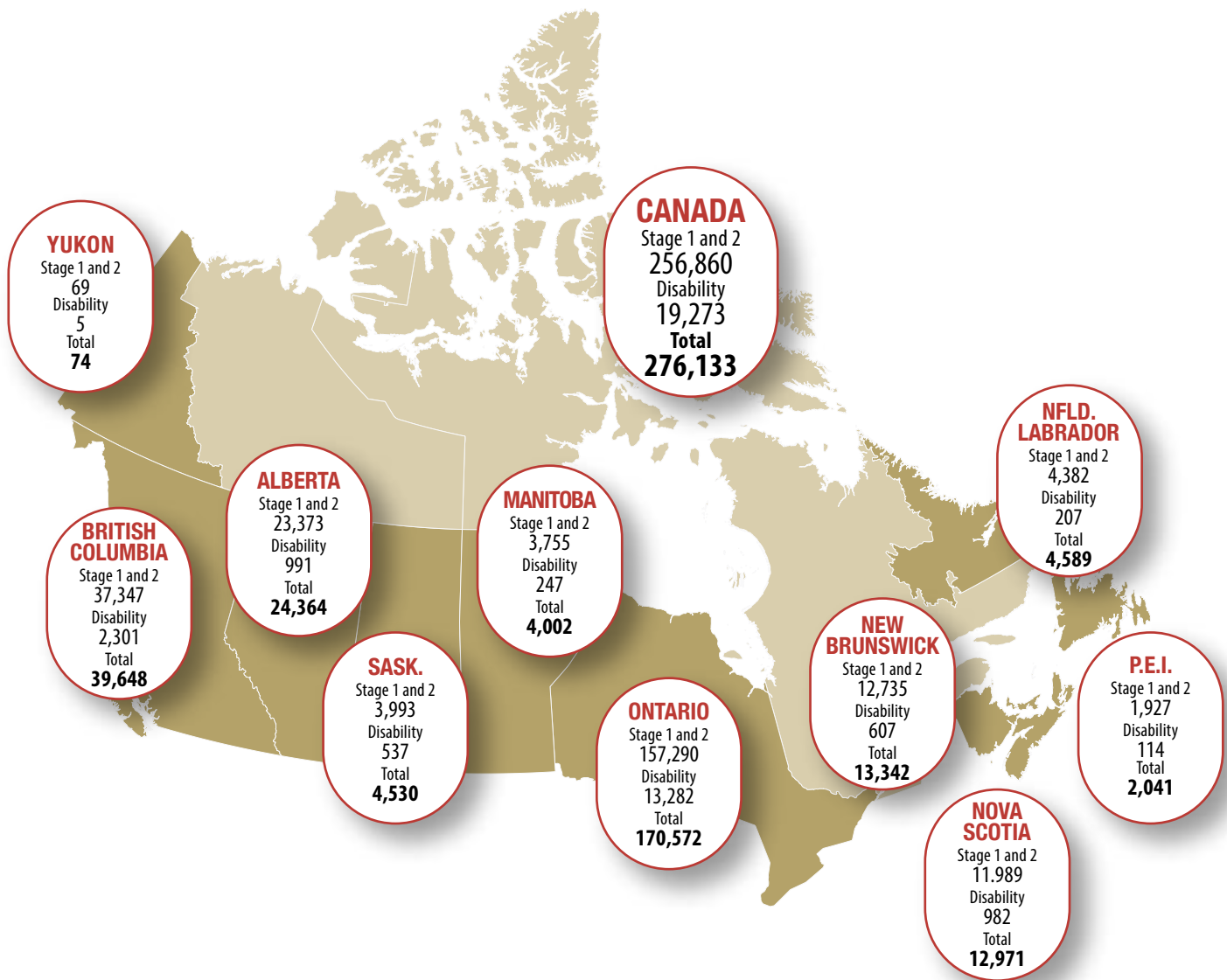
The RAP is provided in two stages, which are seamless to the borrower. Under Stage 1, the Government of Canada covers the outstanding interest not met by the borrower's reduced payment. Borrowers that have received 60 months of RAP, or have been out of school for more than 10 years, will begin to receive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

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



## Diagram 2

### CSLP borrowers receiving repayment assistance by province or territory



As indicated in Diagram 2, more than 276,000 borrowers received assistance under RAP in 2015–2016, which is an increase of 7.8% from the number who benefitted from RAP in the previous year. Women represented 66% of RAP recipients. The vast majority (83%) of borrowers accessing RAP in 2015–2016 were approved under Stage 1, whereby they received Government support for the interest portion of their loan payment(s). Eighty-six percent of all RAP recipients were not required to make any monthly payments for the duration of their RAP term.

## Severe Permanent Disability Benefit

In very particular cases, 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. A medical assessment must be completed by a physician or nurse practitioner stating that the severe disability permanently prevents a borrower from performing the daily activities necessary to participate in studies at a post-secondary school level, in apprenticeship training, or in the labour force, and that the disability is expected to continue throughout the borrower's life.

In 2015–2016, \$12 million in Canada Student Loans were forgiven under this measure for approximately 710 individuals, with an average loan balance of \$16,526 per borrower.<sup>1</sup>

## Loan forgiveness for family doctors and nurses

In 2013, the Government of Canada initiated 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).



<sup>1</sup> This data represents all loan balances at the beginning of the assessment process by CSLP for the purposes of the Severe Permanent Disability Benefit. It includes the federal portion for all loan types and the federal and provincial portion for Direct Integrated provinces that are aligned for this benefit.

For 2015–2016, nearly 4,000 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 \$4,252. The highest uptake for this benefit was among registered nurses.

## D. Communications and program delivery

### Modernizing service delivery

Canadians' expectations for efficient and effective service delivery are on the rise. The CSLP has been working to streamline and modernize the delivery of student financial assistance. In collaboration with provincial and territorial partners, a service delivery vision has been developed, which is aimed at providing student borrowers with simple, easy-to-manage access to student financial assistance.

The modernization initiative aims to significantly enhance the loan experience for borrowers by:

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

Work is underway to implement a new electronic service delivery model, including enhanced access to online services, as part of a new contract with a third-party service provider.

## Measuring program performance

As a statutory program, 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; and
- program evaluation.

### Client satisfaction

- The CSLP is committed to ensuring that clients receive quality service. A client satisfaction survey is used to assess clients' satisfaction with the services related to their Canada Student Loans and Grants.

- In 2015–2016, 80% of clients said they were satisfied with the overall quality of service with regard to their Canada Student Loan or Grant. Satisfaction levels have remained high over the past number of years.

## Portfolio performance

The CSLP actively manages the Canada Student Loans portfolio to ensure the health of the portfolio and to minimize the value of loans going into default. Although the vast majority of students repay their loans in full and on time, some borrowers experience difficulty in repayment. A loan is deemed in default when in arrears for greater than 270 days (roughly equivalent to missing nine monthly payments). The CSLP uses a three-year default rate as a main indicator of the performance of the portfolio. This rate compares the value of the loans that enter repayment in a given loan year, and default within three years, to the value of all the loans that entered repayment in that loan year.

As noted in Table 4, the default rate has decreased significantly over the last few years. The introduction of grants and the RAP has helped greater numbers of students manage their repayment obligations, leading to a lower default rate.

**Table 4**  
**Canada Student Loan three-year default rates**

2006– 2007	2007– 2008	2008– 2009	2009– 2010	2010– 2011	2011– 2012	2012– 2013	2013– 2014	2014– 2015
16%	15%	14%	15%	14%	13%	12%	11%	10%

## 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 Program has in place a number of policies and activities designed to ensure its integrity and to enhance governance and accountability:

- Administrative measures may be taken when individuals knowingly misrepresent themselves to obtain student financial assistance; including being restricted from receiving student financial assistance for a specified period, being required to immediately repay any money obtained as a result of false information and having their grants converted to repayable loans. If warranted, further action may be taken such as criminal investigation or civil litigation. In the 2015–2016 school year, the CSLP investigated 50 cases of alleged misrepresentation, 6 of which were confirmed as abuse.





- In keeping with provisions of the *Canada Student Financial Assistance Act*, the Office of the Chief Actuary conducts a statutory actuarial review of the Program at least once every three years in order to provide a long-term forecast of the portfolio and program costs. The most recent [Actuarial Report](#) (2016) 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 for designated Canadian institutions. In 2015, the rate was 90%, which is a full two points higher than the previous year, and the highest it has been over the past 12 years.



## Program evaluation

As a standard practice, evaluations are conducted periodically and are available on the [ESDC website](#). A summative evaluation of the CSLP took place from 2006 to 2010 and covered loan years 2000–2001 to 2007–2008. The evaluation found the CSLP to be achieving desired program results and included minor recommendations for improvement.

A summative evaluation of the Budget 2008 CSLP enhancements began in 2010. A topical evaluation report on the implementation status of the enhancements was completed in 2014. The report found that the Budget 2008 implementation plan was implemented exactly as planned.

ESDC is committed to ensuring that the CSLP is fully responsive to the needs of Canada's post-secondary students, and it continues to explore ways to improve and enhance the design and delivery of the Program in collaboration with partners and stakeholders. The findings and recommendations of these evaluations inform and support that work.

## Appendix A – Other government funding

### Support for apprentices

The Canada Apprentice Loan (CAL) was launched in January 2015 to provide additional financial support to apprentices registered in trades designated under the Red Seal Program during periods of block release technical training. CAL is designed to help these apprentices complete their apprenticeship training and to encourage more Canadians to consider a career in the skilled trades.

Apprentices in skilled trades complete up to 85% of their learning during on-the-job paid employment. However, they are also required to participate in technical training for short periods of time, generally ranging from six to eight weeks each year. Apprentices can face significant costs to complete these periods of technical training, including educational fees, tools and equipment, living expenses and forgone wages. These costs can be particularly acute for apprentices who intend to complete their training after a number of years on the job, while supporting their families.

Eligible apprentices may apply for loans of up to \$4,000 per period of technical training, for a maximum of five periods. Given the timing of technical training requirements in their province, apprentices in Quebec do not qualify for CAL. The Province of Quebec is compensated with an annual special payment.

In 2015–2016, approximately \$69.4 million in CAL was disbursed to 16,400 apprentices. Approximately 79% of disbursed loans went to apprentices from three provinces: Alberta (49%), British Columbia (18%) and Ontario (12%). Ninety-eight percent of all applications were processed electronically.

The CAL complements other Government of Canada supports to assist apprentices in completing their apprenticeship training, including the tradesperson's tools deduction, the tuition tax credit, and Employment Insurance, which is available to eligible apprentices while attending block release technical training. In addition, the Government of Canada provides the Apprenticeship Incentive Grant and Apprenticeship Completion Grant to apprentices registered in trades designated under the Red Seal Program.

## Government funding

Although the 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 ESDC include:

- The Canada Education Savings Grant encourages Canadians to save for their children's post-secondary education by awarding grants to beneficiaries of the Registered Education Savings Plan (RESP).
- 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.

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

- 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 Services 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.
- Innovation, Science and Economic Development 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:
  - o Provincial and territorial governments offer loans, grants, scholarships, tax credits and repayment assistance measures.
  - o Students may also apply for scholarships and bursaries from their educational institutions, financial institutions and community groups.

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\* Budget 2016 announced the termination of the education and textbook tax credits. These credits ended on January 1, 2017. However, unused tax credit amounts from years prior to 2017 can be carried forward to be claimed in future years.

## Appendix B – Financial data: Consolidated Report on the Canada Student Loans Program

All data in this section represent the fiscal year April 1, 2015, to March 31, 2016.

### Consolidated Report on the Canada Student Loans Program

In August 2000, the 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.

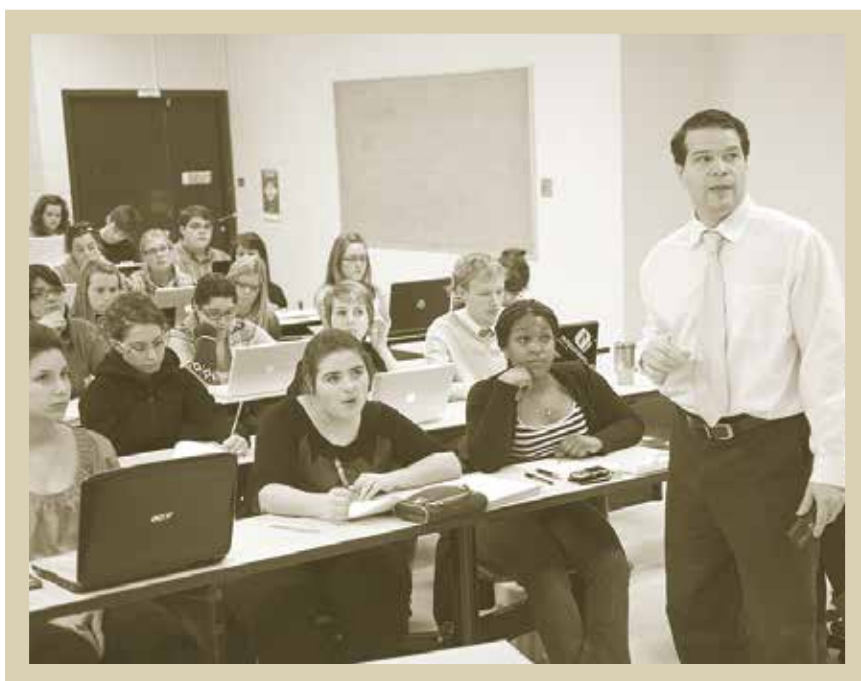


Table 5

**Consolidated Canada Student Loans Programs – Combined programs**

	Actual (\$M)		
	2013– 2014	2014– 2015	2015– 2016
<b>Revenues</b>			
Interest revenue on direct loans	580.2	614.4	627.1
Recoveries on guaranteed loans	14.9	12.0	10.5
Recoveries on put-back loans (RS)	7.4	6.0	5.9
<b>Total loan revenue</b>	<b>602.5</b>	<b>632.5</b>	<b>643.5</b>
<b>Expenses</b>			
<i>Transfer payment</i>			
Canada Study Grants, Canada Access Grants and Canada Student Grants	725.4	706.8	713.9
<i>Loan administration</i>			
Collection costs (all regimes) <sup>a</sup>	22.3	22.2	22.3
Program delivery costs (DL)	72.5	81.8	76.0
Risk premium to financial institutions (RS)	0.0	0.0	0.0
Put-back to financial institutions (RS)	2.0	2.1	1.8
Administrative fees to provinces and territories and Special Investment Fund (DL)	29.3	31.3	31.8
<b>Total loan administration expenses</b>	<b>126.2</b>	<b>137.4</b>	<b>131.7</b>
<i>Cost of Government support benefits to students</i>			
In-study interest borrowing expense (Class A – DL) <sup>a</sup>	160.5	133.8	104.2
In repayment interest borrowing expense (Class B – DL) <sup>a</sup>	175.9	150.7	123.9
In-study interest subsidy (RS and GL)	0.4	0.3	0.2
Repayment assistance programs	141.5	157.0	165.8
Claims paid and loans forgiven (all regimes)	18.2	22.6	27.8
<b>Total cost of government support benefits to students</b>	<b>496.5</b>	<b>464.3</b>	<b>421.8</b>
<i>Bad debt expense<sup>b</sup></i>			
Debt reduction in repayment expense (DL)	105.4	106.5	231.2
Bad debt expense (DL)	474.2	-1.5	94.1
<b>Total bad debt expense</b>	<b>579.6</b>	<b>105.0</b>	<b>325.3</b>
<b>Total loan expenses</b>	<b>1,927.7</b>	<b>1,413.5</b>	<b>1,592.8</b>
<b>Net operating results</b>	<b>1,325.2</b>	<b>781.1</b>	<b>949.2</b>
Alternative payments to non-participating provinces (DL) <sup>c</sup>	298.4	332.2	258.4
<b>Final net operating results</b>	<b>1,623.6</b>	<b>1,113.2</b>	<b>1,207.6</b>

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 This represents the annual expense against the provisions for bad debt and repayment assistance payments—principal as required under accrual accounting.

c The figures represent the annual expense recorded under the accrual accounting as opposed to the actual amount disbursed to the non-participating provinces. For 2015–2016, the total amount disbursed as alternative payments is \$278.2 million.

## Glossary

See [Government of Canada website](#) for a more thorough glossary of terms related to the Canada Student Loans Program and student financial assistance.

### **Canada Apprentice Loans:**

In January 2015, the Government launched this initiative. Borrowers can apply for up to \$4,000 in loans per period of technical training, for up to five technical training periods. Loans are available to help pay for tuition, tools, equipment and living expenses, to cover forgone wages and to help support family during training.

### **Canada Student Grants:**

Canada Student Grants are non-repayable student financial assistance. Grants are available for:

- Students from low-income families: \$250 per month of study.
- Students from middle-income families: \$100 per month of study.
- 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 with a permanent disability).
- 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 and 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 loan is deemed in default when it is in arrears for greater than 270 days under the direct lending regime. The three-year default rate is defined as the ratio of the cumulative amount of all loans deemed in default for the period covering the first year in repayment (e.g. 2012–2013) and the subsequent two years (e.g. 2013–2014 and 2014–2015) to the total amount of all loans entering repayment in that first year (e.g. 2012–2013).

**Default rate:**

The CSLP measures default using a three-year default rate. This rate shows the proportion of loan dollars that enter repayment in a given loan year and default within three years. For example, the 2013–2014 default rate represents the proportion of loan dollars that entered repayment in 2013–2014 and defaulted before August 1, 2016.

**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 for, 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.

**National Student Loans Service Centre**

The National Student Loans Service Centre (NSLSC) is the main point of contact for borrowers in managing their Canada Student loans, from loan disbursement to repayment and repayment assistance. The Centre is administered by a third-party service provider. The Centre manages all Canada Student Loans issued on or after August 1, 2000, as well as integrated student loans for:

- 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 and territories:**

The provinces and territories that choose to deliver financial assistance to students within the framework of the CSLP include Newfoundland and Labrador, Prince Edward Island, Nova Scotia, New Brunswick, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia and Yukon.



**Province or 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:**

On August 1, 2009, the Repayment Assistance Plan (RAP) replaced the CSLP's previous debt management programs (Interest Relief and Debt Reduction in Repayment). The 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. The 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 forgiveness. 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.



