

CANADA STUDENT FINANCIAL ASSISTANCE PROGRAM



ANNUAL REPORT 2019 to 2020



Employment and
Social Development Canada

Emploi et
Développement social Canada

Canada

Canada Student Financial Assistance Program – Annual Report 2019 to 2020

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MESSAGE FROM THE MINISTER

Today's youth are the most educated generation this country has ever seen. They are innovative and diverse, and will play a lead role in supporting a strong Canadian economy as we recover from the impacts of COVID-19.

The pandemic has created uncertainty for many Canadians, and students have been hit particularly hard. Now, more than ever, the Canada Student Financial Assistance (CSFA) Program plays a pivotal role in ensuring students have the financial means to complete post-secondary studies.

For the 2019 to 2020 academic year, more than 528,000 students benefited from \$1.6 billion in non-repayable Canada Student Grants, and 608,000 students availed themselves of \$3.4 billion in student loans.

We also introduced a number of enhancements to the CSFA Program to help make student debt loads more manageable. We reduced interest rates on Canada Student Loans, and made the six-month non-repayment period following studies interest-free.

For students with disabilities, we expanded eligibility for the Severe Permanent Disability Benefit and increased the cap on the Canada Student Grant for Services and Equipment for Students with Permanent Disabilities from \$8,000 to \$20,000 per year.

While these measures were introduced before COVID-19, they provided much-needed support and relief to students during the pandemic. Future annual reports will reflect additional emergency measures implemented for students in response to the COVID-19 pandemic.

I am pleased to present the 2019 to 2020 Annual Report of the Canada Student Financial Assistance Program, and to reaffirm our commitment to making post-secondary education more affordable and accessible to all. When young people are given an equal chance to learn, work and succeed, our communities and our entire country benefit.

A handwritten signature in white ink, appearing to read 'Carla', with a stylized flourish at the end.

The Honourable Carla Qualtrough, P.C., M.P.

Minister of Employment, Workforce Development and Disability Inclusion

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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 Financial Assistance (CSFA) Program. It provides information and data on grants, loans, repayment assistance and other program benefits during the 2019 to 2020 academic year (August 1, 2019 to July 31, 2020).

Further detailed information, including past reports and comprehensive statistical reviews of the CSFA Program, is available on the Government of Canada website: [Canada Student Financial Assistance Program reports](#).



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 help Canadians live productive and rewarding lives and to improve Canadians' quality of life.

Canada Student Financial Assistance Program

The CSFA Program provides targeted grants and needs-based loans to help students access post-secondary education. It also offers repayment assistance to borrowers with financial difficulty.



PROGRAM HIGHLIGHTS AND RESULTS

The Government of Canada recognizes the importance of student financial assistance to help post-secondary students in achieving their educational goals and, ultimately, succeeding as contributing members of a productive workforce.

The CSFA Program works collaboratively with provincial and territorial governments to deliver student financial assistance to eligible students. Quebec, Nunavut and the Northwest Territories do not participate in the CSFA Program but receive annual alternative payments in support of their



own student financial assistance programs. Applicants in the remaining 10 jurisdictions are assessed for federal and provincial grants and loans through a single application process.

In the 2019 to 2020 academic year, approximately 742,000 post-secondary students received financial assistance from the CSFA Program, in the form of grants, loans or in-study interest subsidies. The CSFA Program provided \$1.6 billion in non-repayable Canada Student Grants (CSGs) to over 528,000 students and \$3.4 billion in Canada Student Loans (CSLs) to 608,000 students. In addition, the 3 non-participating jurisdictions will receive \$487.2 million in alternative payments based on the CSFA Program's expenses and revenues for the 2019 to 2020 academic year.

Through Budget 2019, the Government of Canada made education more accessible and affordable by:

- lowering the variable interest rate to prime (from prime plus 2.5%), and the fixed rate to prime plus 2% (from prime plus 5%), effective November 1, 2019
- eliminating interest accrual during the 6-month non-repayment period after a student loan borrower leaves school, effective November 1, 2019
- expanding eligibility for the Severe Permanent Disability Benefit so that more student borrowers with severe permanent disabilities can qualify for loan forgiveness, effective August 1, 2019
- increasing the cap on the CSG for Services and Equipment for Students with Permanent Disabilities from \$8,000 to \$20,000 per year, to help students with permanent disabilities afford the necessary services and equipment for their studies, effective August 1, 2019
- relaxing requirements for loan rehabilitation so that financially vulnerable borrowers in default can access supports such as the Repayment Assistance Plan (RAP) or access further student financial assistance, effective January 1, 2020

Together, these new measures improve affordability for all students, reduce financial pressures, and enable greater program completion and successful transitions out of school.

COVID-19 measures

Recognizing that many students and recent graduates may have struggled to find work and pay for their post-secondary education due to the COVID-19 pandemic, the Government of Canada introduced the following program enhancements:

■ Repayment moratorium

From March 30, 2020, to September 30, 2020, the Government of Canada implemented a repayment moratorium, which automatically suspended all CSL payments for borrowers in repayment and collection. No interest accrued on their CSLs during this time.

This measure provided relief to nearly 1.2 million CSL borrowers in repayment. All provinces aligned with this measure and thus offered similar relief to the provincial portion of student loans.

■ Canada Emergency Student Benefit

Although not part of the CSFA Program, the Canada Emergency Student Benefit (CESB) was introduced to provide emergency financial relief to:

- students and recent graduates who were unable to work, or unable to find work, due to reasons related to COVID-19
- those who were working but not making more than \$1,000 (before taxes) over the 4-week period for which they applied

Eligible students could receive \$1,250 per month, plus an additional \$750 per month if they had dependants or a disability, for a maximum of \$2,000 per month. The CESB was available from May 10, 2020, to August 29, 2020, though applicants could apply retroactively until September 30, 2020.

The CESB provided \$2.94 billion in financial support to over 709,000 post-secondary students and recent graduates that they could put towards bills, such as groceries and housing. This included support of \$695 million to more than 116,000 post-secondary students and recent graduates with dependants or disabilities.

Approximately 85% of applicants received the base amount of \$1,250 per 4-week period, while 15% received the top-up for students with disabilities or dependants.

Program results

Following are key highlights and results of the CSFA Program in the 2019 to 2020 academic year.

A. Canada Student Grants

In 2019 to 2020, 528,000 students received \$1.6 billion in financial assistance they will not have to pay back. This represents a slight decrease of 1% in the number of recipients, and an increase of 1% in the value of grants relative to the previous academic year.

CSGs provide non-repayable funding to full- and part-time students and are targeted to students from low- and middle-income families, students with permanent disabilities, and those with dependants. Students are automatically assessed for CSGs when applying for student financial assistance through their province or territory of residence.

In 2019 to 2020, the CSFA Program provided the following grants to eligible students:

- **CSG for Full-Time Students:** up to \$375 per month of study (\$3,000 for an 8-month study period)
- **CSG for Full-Time Students with Dependants:** up to \$200 per month of study (\$1,600 for an 8-month study period) for each dependant under 12 years of age (and for each dependant over 12 years of age with a permanent disability)
- **CSG for Students with Permanent Disabilities:** \$2,000 per academic year for full- and part-time students with permanent disabilities
- **CSG for Services and Equipment for Students with Permanent Disabilities:** up to \$20,000 per academic year to cover exceptional education-related costs
- **CSG for Part-Time Students:** up to \$1,800 per academic year
- **CSG for Part-Time Students with Dependants:** up to a maximum of \$1,920 per academic year

The following table provides a summary of the distribution of Canada Students Grants by type.

Table 1

Canada Student Grants by type

	Number of recipients ¹		
	2017 to 2018	2018 to 2019	2019 to 2020
CANADA STUDENT GRANT	490,377	532,785	528,079
Full-Time Students	451,296	477,892	467,805
Skills Boost Top-up ²	N/A	64,821	70,615
Full-Time Students with Dependants	40,523	63,828	67,773
Students with Permanent Disabilities	46,432	50,543	52,621
Services and Equipment for Students with Permanent Disabilities	10,550	10,873	10,921
Part-Time Students	21,261	28,493	36,374
Part-Time Students with Dependants	376	2,643	3,158

	Millions of dollars		
	2017 to 2018	2018 to 2019	2019 to 2020
CANADA STUDENT GRANT	1,364.9	1,614.1	1,634.8
Full-Time Students	1,118.9	1,198.5	1,180.9
Skills Boost Top-up ²	N/A	98.1	107.5
Full-Time Students with Dependants	102.6	152.0	160.0
Students with Permanent Disabilities	88.3	97.0	101.2
Services and Equipment for Students with Permanent Disabilities	22.0	23.0	28.4
Part-Time Students	32.6	43.5	54.5
Part-Time Students with Dependants	0.4	1.9	2.3

¹ Students can receive multiple grants in one year, but are only counted as one recipient in the total number of recipients. Therefore, the total is smaller than the sum of all recipients.

² The Skills Boost Top-up to the CSG for Full-Time Students was introduced in the 2018 to 2019 academic year and is intended for adult learners from low- and middle-income families who have been out of high school for at least 10 years.

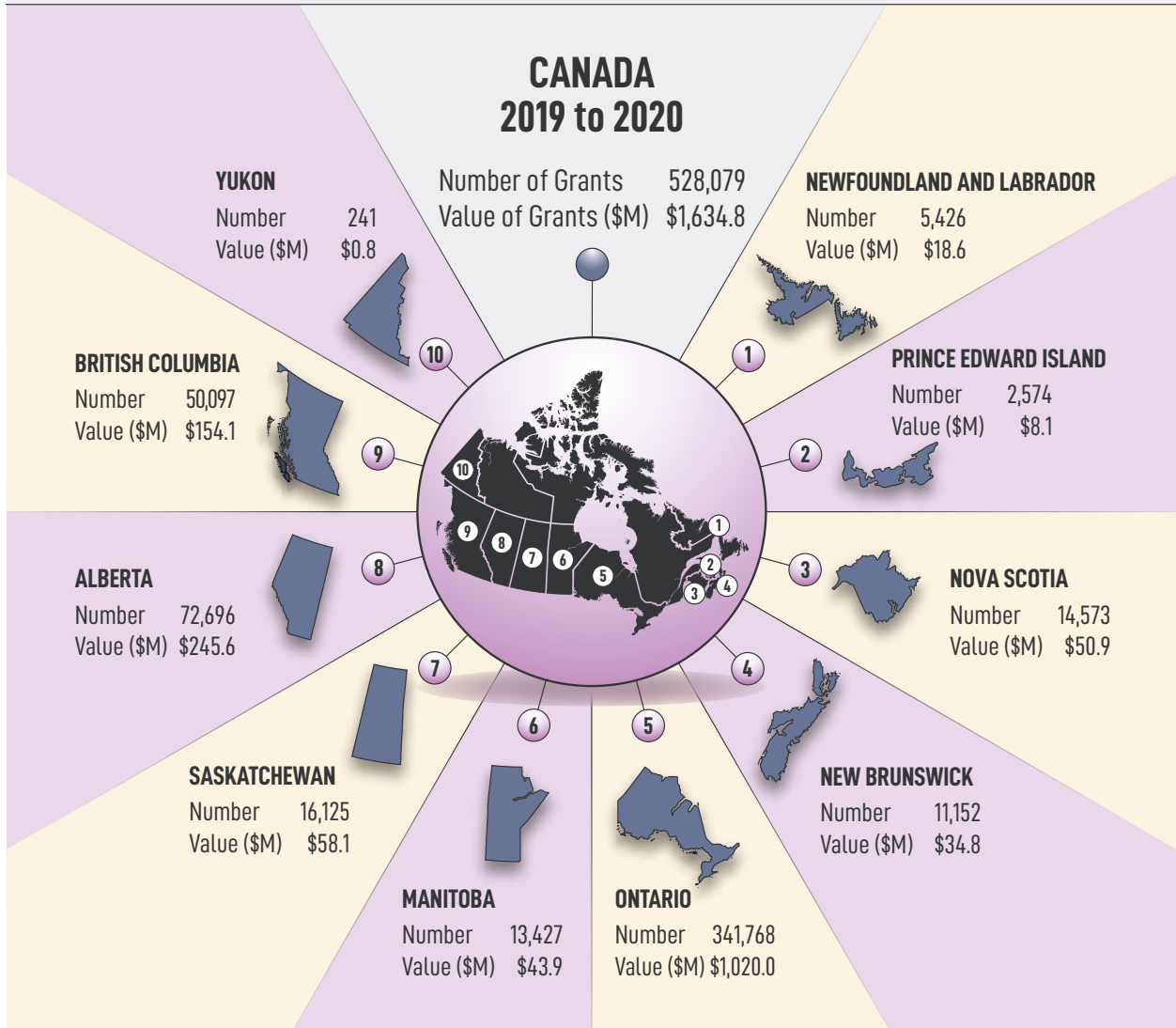
The number of students who received the CSG for Full-Time Students with Dependants increased by 6% in the 2019 to 2020 academic year, and the value increased by 5%. The number of part-time students who received grants increased by 28% to 36,400, and the value increased by 25% to \$56.8 million. This can be explained by the continued increase of the number of students who received the CSG for Part-Time Students (+28%) and the CSG for Part-Time Students with Dependants (+19%).

In the 2019 to 2020 academic year, the CSFA Program disbursed \$129.6 million in CSG for Students with Permanent Disabilities and CSG for Services and Equipment for Students with Permanent Disabilities. A total of 52,600 students received funding, an increase of 4% in the number of recipients and an 8% increase in the value from the previous academic year.

The following figure shows the distribution of CSG for full- and part-time students by province or territory.

Figure 1

Canada Student Grants for full- and part-time students in 2019 to 2020



B. Canada Student Loans

In the 2019 to 2020 academic year, approximately 608,000 students received \$3.4 billion in CSLs. This represents a decrease of 3% in the number of recipients and 4% in the value of loans relative to the previous academic year.

CSLs are available to eligible students who demonstrate financial need, and who are enrolled in a degree, diploma or certificate program at a designated post-secondary educational institution in Canada or abroad. CSLs are interest-free for the entire period of studies. In addition, starting on November 1, 2019, CSLs are also interest-free during the 6-month non-repayment period after a student loan borrower leaves school.

The following table provides a summary of CSL for full- and part-time students by province or territory.

Table 2

Canada Student Loans for full- and part-time students

Province or territory	Number of recipients		
	2017 to 2018	2018 to 2019	2019 to 2020
Newfoundland and Labrador	5,956	6,185	6,406
Prince Edward Island	2,565	2,558	2,552
Nova Scotia	17,261	17,701	17,750
New Brunswick	13,866	14,210	14,029
Ontario	392,484	416,939	388,703
Manitoba	9,724	13,503	15,255
Saskatchewan	14,882	16,242	17,317
Alberta	79,265	82,382	87,489
British Columbia	55,895	55,228	58,140
Yukon	193	187	220
TOTAL	592,091	625,135	607,861

Province or territory	Millions of dollars		
	2017 to 2018	2018 to 2019	2019 to 2020
Newfoundland and Labrador	37.1	40.1	41.7
Prince Edward Island	16.1	15.8	15.9
Nova Scotia	123.0	127.3	126.5
New Brunswick	66.9	69.2	72.2
Ontario	2,141.9	2,301.5	2,088.7
Manitoba	41.6	70.7	80.1
Saskatchewan	93.7	102.2	110.4
Alberta	487.1	503.3	547.4
British Columbia	343.4	344.2	364.9
Yukon	1.3	1.2	1.5
TOTAL	3,352.1	3,575.4	3,449.1

C. Loan repayment, assistance and forgiveness

Unlike traditional loans, CSLs do not accrue interest while the borrower is in school. Following the end of their studies, borrowers enter a 6-month non-repayment period, wherein they are not required to make payments. Since November 1, 2019, borrowers also no longer accrue interest on their CSLs during the non-repayment period.

Once 6 months have elapsed, interest starts to accrue and borrowers begin to repay their loans through monthly payments, typically over a 114-month period (9.5 years). Depending on their financial situation, borrowers may revise their repayment terms to pay more quickly or extend their repayment period by reducing their monthly payments (up to a maximum of 14.5 years).

In response to the COVID-19 pandemic, the Government of Canada implemented a repayment moratorium from March 30, 2020, to September 30, 2020, which automatically suspended all CSL payments for borrowers in repayment and collection. No interest accrued on their CSLs during this time.

The average CSL balance at the time of leaving school was \$13,549 for the 2019 to 2020 academic year. The amount of federal student debt has remained relatively stable over the past years as grants have increased and students have not had to rely as heavily on loans.

Differences in loan balances reflect each student's particular situation. Loan balances are 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 attributed to differences are the type and location of the post-secondary education institution, as well as the program of study. In the 2019 to 2020 academic year, the average loan balance of university students was \$17,132, higher than that of college students (\$10,513), and those attending private institutions (\$11,229). This difference is partly due to the longer duration of university programs.

Repayment Assistance Plan

Approximately 297,000 borrowers received support under the Repayment Assistance Plan (RAP) in the 2019 to 2020 academic year, which represents a decrease of 10% from the previous academic year. The decrease is primarily due to the first 4 months of the repayment moratorium overlapping with the end of the 2019 to 2020 academic year. Borrowers did not need to apply for RAP during those 4 months as repayment was suspended. Payment was not required, and interest did not accrue on CSLs during that time.

RAP is available to help borrowers who experience difficulty in repaying their student loans.

Under RAP, a single borrower does not have to repay their CSL until they earn at least \$25,000 per year. This income threshold is adjusted based on family size, meaning that for a family of 4, no payment would be required until they earn at least \$59,512. To remain on RAP, borrowers must re-apply every 6 months.

RAP offers different benefits depending on whether borrowers need short-term assistance soon after entering repayment or longer-term assistance after multiple years in repayment.

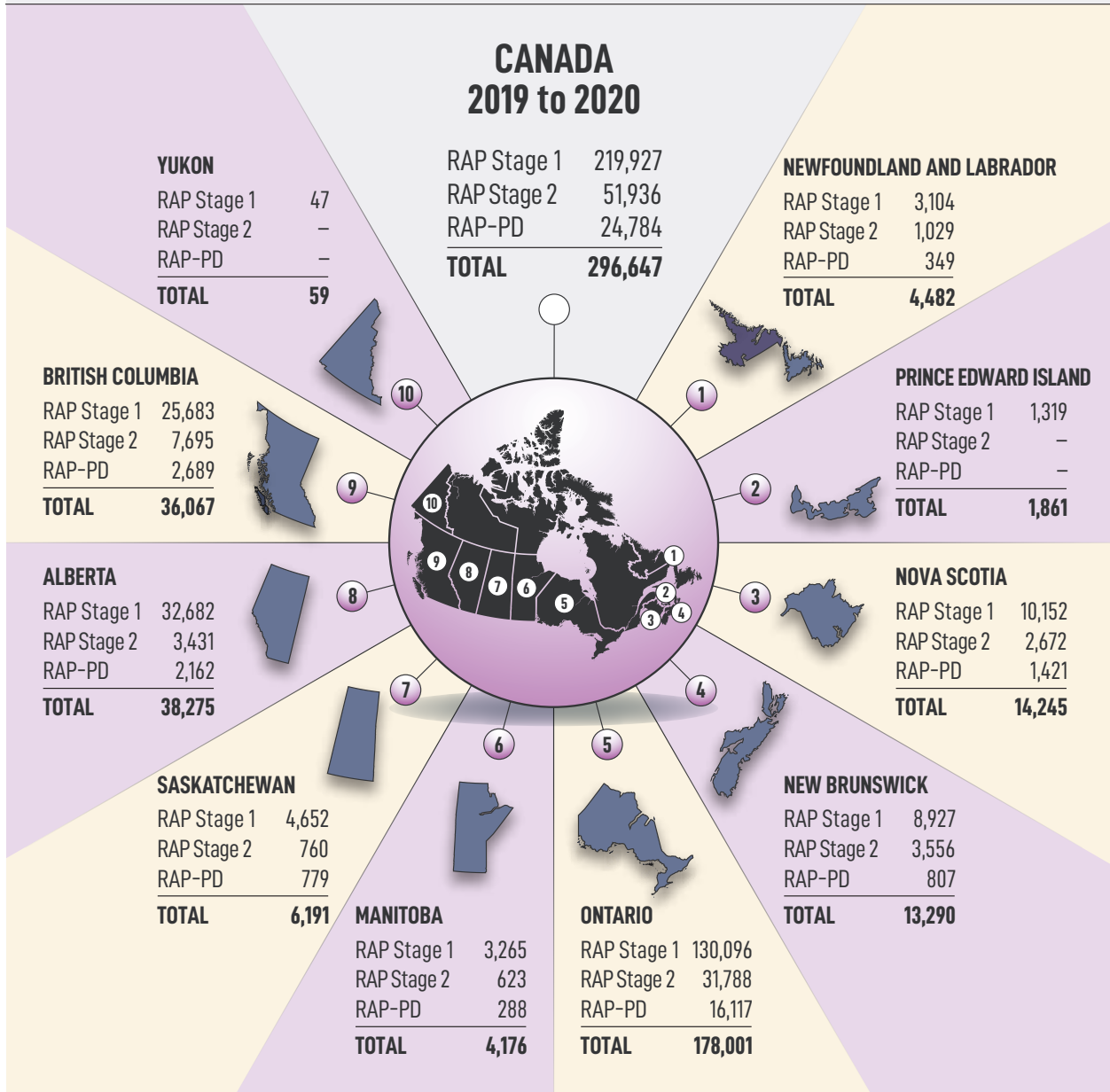
For the first 5 years on RAP (RAP Stage 1), the Government of Canada pays the interest not covered by a borrower's monthly payment on their CSL. For borrowers with longer-term financial difficulty (beyond 5 years), the Government begins to contribute towards both the principal and interest (RAP Stage 2) such that the loan is fully paid off 15 years after leaving school. If a borrower has always had a loan in good standing and they have already spent at least 10 years in repayment when they first apply for RAP, they immediately enter Stage 2; that is, the Government contributes to both interest and principal payments. However, if a borrower had previously defaulted on their loan, these timelines are reset to when the loan was brought back into good standing.

There is also the Repayment Assistance Plan for Borrowers with a Permanent Disability (RAP-PD). The Government pays both the interest and principal not covered by the monthly payments, such that the loan is paid off 10 years after the completion of studies, for those who remain on RAP-PD. In addition, disability-related expenses are taken into account in the eligibility assessment, which may further reduce the individual's monthly payments.

The following figure provides a summary of the number of RAP recipients by RAP stage and payment type in 2019 to 2020.

Figure 2

Number of RAP recipients by RAP stage and payment type in 2019 to 2020



– : Denotes values that are suppressed to prevent statistical disclosure of number of recipients greater than 0 but less than 10.

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.

In order to determine eligibility, a medical assessment must be completed by a physician or nurse practitioner stating that the borrower suffers from a severe permanent disability. This is defined as a functional limitation caused by a physical or mental impairment that prevents a borrower from performing the daily activities necessary to participate in substantially gainful employment, and is expected to remain with the person for life.

This new definition of severe permanent disability came into effect on August 1, 2019. It was changed to expand eligibility to those who may still be able to participate in post-secondary education and/or work, but whose jobs will never be substantially gainful. Prior to this change, to be eligible for the Severe Permanent Disability Benefit, borrowers' disabilities must have made it so they were no longer able to participate in studies at a post-secondary school level, nor in the labour market.

In the 2019 to 2020 academic year, 428 borrowers were forgiven an average amount of \$15,081 in CSLs under this measure, for a total of \$6.5¹ million.

Loan forgiveness for family doctors and nurses

The Government of Canada offers CSL forgiveness for eligible family doctors, residents in family medicine, nurse practitioners, and nurses who work in under-served rural or remote communities. This benefit is aimed at increasing health care services across Canada.

Family doctors or residents in family medicine may receive up to \$40,000 in CSL forgiveness over a maximum of 5 years (\$8,000 per year), and nurse practitioners and nurses may receive up to \$20,000 in loan forgiveness over a maximum of 5 years (\$4,000 per year).

¹ This amount includes interest, as well as loans from the CSFA Program's previous lending regimes.

For the 2019 to 2020 fiscal year, almost 5,500 health care professionals working in various under-served rural and remote communities received \$24.1 million (or an average of \$4,396) of CSL forgiveness.

D. Student demographics

The demographic profile of CSFA Program recipients remained consistent with previous years. The majority of students who received a grant and/or loan in 2019 to 2020 were female (60%), between the ages of 20 to 24 (43%), attending university (57%), and enrolled in an undergraduate program (58%). Students 30 years and older made up 16% of the population.

The following table provides a summary of the profile of students who received CSGs and/or CSLs in 2019 to 2020.

Table 3

Profile of students who received Canada Student Grants and/or Canada Student Loans in 2019 to 2020

	Number	Percent	Millions of dollars	Percent
GENDER	656,498	100	5,083.9	100
Female	396,552	60	3,133.0	62
Male	259,946	40	1,951.0	38
AGE GROUP	656,498	100	5,083.9	100
Younger than 20 years	173,547	26	1,159.7	23
20 to 24 years	280,443	43	2,068.8	41
25 to 29 years	95,260	15	817.9	16
30 to 34 years	41,988	6	403.0	8
35 to 39 years	28,193	4	284.6	6
40 to 44 years	18,002	3	178.6	4
45 to 49 years	10,614	2	99.4	2
50 years and older	8,451	1	72.0	1
LEVEL OF STUDY	656,498	100	5,083.9	100
Certificate or diploma	236,501	36	1,762.4	35
Undergraduate	383,376	58	3,021.2	59
Master	30,236	5	243.6	5
Doctorate	6,385	1	56.8	1
TYPE OF INSTITUTION	656,498	100	5,083.9	100
University	374,061	57	2,950.7	58
College	210,562	32	1,479.0	29
Private	71,875	11	654.2	13

In the 2019 to 2020 academic year, the vast majority of full-time students (91%) remained in their home province or territory to pursue post-secondary education. Only 6% studied outside their home province or territory within Canada, while around 2% of students studied outside Canada.

The following table provides a summary of the share of full-time students studying inside and outside of Canada in 2019 to 2020.

Table 4

Share of full-time students studying inside and outside of Canada in 2019 to 2020

Province or territory	Study in home province or territory	Study in Canada but away from home province or territory	Study in the United States	Study outside Canada and the United States
Newfoundland and Labrador	83.2	15.3	0.5	1.0
Prince Edward Island	60.8	38.2	x	x
Nova Scotia	82.4	16.4	0.5	0.7
New Brunswick	78.6	20.5	0.5	0.4
Ontario	95.8	2.2	0.8	1.1
Manitoba	84.9	13.3	1.1	0.7
Saskatchewan	79.5	18.8	1.0	0.6
Alberta	84.1	12.4	1.8	1.7
British Columbia	85.9	10.7	1.3	2.1
Yukon	22.5	76.6	x	x
TOTAL	91.4	6.4	1.0	1.2

x: Denotes values that are suppressed to prevent statistical disclosure of number of recipients greater than 0 but less than 10.

PROGRAM DELIVERY

Working with partners

The CSFA Program works collaboratively with provincial and territorial governments to deliver student financial assistance to eligible students. In participating provinces and territory (all jurisdictions except Quebec, Nunavut and the Northwest Territories), approximately 60% of a full-time student's assessed financial need is funded by the Government of Canada, while the province or territory covers the remaining 40%.

A private-sector service provider, contracted by the Government of Canada, and branded as the National Student Loans Service Centre (NSLSC), administers federal grant and loan disbursement as well as federal loan repayment.



The NSLSC administers federal and provincial student aid in 5 integrated provinces (British Columbia, Saskatchewan, Ontario, New Brunswick and Newfoundland and Labrador) as a single, integrated loan.

In support of their own student aid programs, the 3 non-participating jurisdictions (Quebec, Nunavut and the Northwest Territories) receive alternative payments each year according to the CSFA Program's expenses and revenues from the previous year. Therefore, in the 2019 to 2020 academic year, the 3 non-participating jurisdictions received \$492.3 million in alternative payments based on expenses and revenues from academic year 2018 to 2019, while in 2020 to 2021, they will receive \$487.2 million based on expenses and revenues from the 2019 to 2020 academic year.

- Quebec will receive \$481.1 million – representing a decrease of \$5.3 million from the last payment of \$486.4 million
- Nunavut will receive \$3.1 million – representing an increase of \$0.3 million from the last payment of \$2.8 million
- The Northwest Territories will receive \$3.0 million – representing a decrease of \$0.1 million from the last payment of \$3.1 million

Service modernization

The Government of Canada is committed to the continuous improvement of the CSFA Program for the benefit of students. In order to respond to the expectations of Canadians with respect to e-services, the Government of Canada introduced a series of enhancements to online services for students in academic year 2019 to 2020. These enhancements helped to advance the CSFA Program's progress towards a digital-first service delivery model. In collaboration with provincial and territorial partners, the CSFA Program will also continue to enhance and provide students with additional digital self-service options.

Below is an overview of recent achievements and planned improvements to enhance the service experience of students:

Recent achievements

- The electronic Master Student Financial Assistance Agreement (e-MSFAA) process for students was introduced in 2018, which significantly increased the adoption of electronic services. This feature allowed the digitization of over 300,000 paper applications annually and 99% of MSFAAs are now processed electronically
- The secure online NSLSC student portal has undergone a number of upgrades to reflect student needs, including:
 - enhancements to make the website more user-friendly, with easier to find information that is accessible and optimized for mobile devices
 - additional proactive notifications and access to financial literacy resources to help borrowers understand their repayment commitments
 - ability for students to track the status of their full-time funding and all details of their loan(s)
 - a “Virtual Repayment Counsellor” to ensure that borrowers are aware of available debt management measures in order to smoothly transition to repayment
 - capability for borrowers to customize repayment terms and monthly payments online, and to make one-time payments electronically

These additional self-serve options have increased the number of transactions that can be completed online, thereby reducing, and in some cases eliminating, the paper-based administrative burden for borrowers.

Planned improvements

- Further expanding communication channels made available to borrowers (social media, live chat, text messaging) to provide more choice and flexibility
- Making greater use of data analytics to develop additional reporting tools
- Continuing to enhance the NSLSC student portal with new features and building on existing ones, as well as integrating borrower feedback to further solidify and optimize the electronic service delivery model

PROGRAM PERFORMANCE MEASUREMENT

Client satisfaction

The CSFA Program is committed to ensuring that clients receive quality service. An annual client satisfaction survey assesses clients' satisfaction with the services related to their grants and loans. Overall, satisfaction levels remained high over the past number of years. However, due to the COVID-19 pandemic, it was determined in April 2020 not to run the 2019 to 2020 client satisfaction survey.



Portfolio performance

The CSFA Program works with the service provider to curtail the number 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 more than 270 days (roughly equivalent to missing 9 monthly payments).

The CSFA Program uses a 3-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 academic year, and default within 3 years, to the value of all loans that entered repayment in that academic year.

As noted in the following table, the default rate has decreased by 7 percentage points over the last decade, from 15% in 2009 to 2010, to 8% in 2017 to 2018. The introduction of grants and RAP, coupled with increased and targeted communications by the service provider, have helped a greater number of students manage their repayment obligations, leading to a lower default rate.

Table 5

Canada Student Loan 3-year default rates

	Years								
	2009 to 2010	2010 to 2011	2011 to 2012	2012 to 2013	2013 to 2014	2014 to 2015	2015 to 2016	2016 to 2017	2017 to 2018
Rates	15%	14%	13%	12%	11%	10%	9%	9%	8%

RAP expense

RAP is a benefit provided by the Government of Canada to help borrowers who experience difficulty in repaying their student loans. To measure the total amount of support the Government provides through RAP in a given year, the CSFA Program has developed a new RAP expense indicator. This indicator measures the amount of principal repaid by the Government of Canada through RAP in a given year, as a percentage of the total loan principal in repayment during the same year.

The following table provides a summary of the Government of Canada's yearly expenses in providing RAP as a support benefit.

Table 6

RAP expense

Academic year	Principal repaid by Government through RAP (in million \$)	Principal in repayment (in million \$)	RAP expense indicator
2015 to 2016	57.2	8,682.5	0.7%
2016 to 2017	74.7	9,207.3	0.8%
2017 to 2018	90.4	9,643.2	0.9%
2018 to 2019	104.5	10,101.1	1.0%
2019 to 2020	82.2	10,706.6	0.8%

For the 2019 to 2020 academic year, the Government of Canada's RAP expense represented 0.8% of the loan principal in repayment, which is slightly lower than previous years. This is because the Government of Canada placed a 6-month moratorium on CSL repayment from March 30, 2020 to September 30, 2020, which resulted in fewer borrowers on RAP for 2019 to 2020. Going forward, the Government of Canada expects the RAP expense indicator to increase as eligibility requirements are broadened, and more borrowers benefit from RAP.

Loan rehabilitation

The CSFA Program offers loan rehabilitation as a way for borrowers to bring their defaulted loans back into good standing. Borrowers can rehabilitate their defaulted loans by paying their outstanding interest, plus 2 regular monthly payments. The CSFA Program works closely with the Canada Revenue Agency to raise awareness of loan rehabilitation. Loan rehabilitation helps borrowers by making them eligible for RAP or additional grants and loans to continue their studies.

Effective January 1, 2020, the Government of Canada implemented a new rehabilitation option to make loan rehabilitation more accessible and affordable. Instead of having to pay all outstanding interest as a condition of rehabilitation, borrowers now have a one-time option to capitalize the interest owing on their student loans, and move the outstanding balance to their loan principal. This option removes the requirement for borrowers to pay all of their outstanding interest balance, which was seen as a major barrier to loan rehabilitation. During the 2019 to 2020 academic year, 4,950 borrowers rehabilitated \$57.3 million in CSLs.

Loan write-off

The Government of Canada writes off some CSLs from the Public Accounts on an annual basis. This includes loans deemed unrecoverable after all reasonable collection efforts are undertaken by the Program and the Canada Revenue Agency. The majority of the write-off dollar-value is attributed to loans that have not been acknowledged or received payment, and have subsequently reached the 6-year statute of limitations. Other reasons for write-off include bankruptcy, financial hardship, compromise settlements, and low dollar-value balances remaining on the account (less than \$20).

The total amount written off in 2019 to 2020 for directly financed student loans was \$179.1 million. This value is slightly higher than the 2018 to 2019 write-off value of \$162.2 million, but still represents less than 1% of the directly financed student loan portfolio. The write-off of any debt does not mean the debt is forgiven. Should an individual wish to access student financial assistance from the CSFA Program in the future, the debt must be repaid in full. In a situation where a CSL debt is reinstated after write-off, any interest charges that accrued on the debt are also reinstated.

Program integrity

The CSFA Program strives to safeguard the integrity of the Program by 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 CSFA 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 imposed when individuals knowingly misrepresent themselves to obtain student financial assistance. These can include 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 2019 to 2020 academic year, 37 cases of misrepresentation resulted in administrative measures being imposed.
- In keeping with provisions of the [*Canada Student Financial Assistance Act*](#), the Office of the Chief Actuary conducts a statutory actuarial review of the CSFA Program in order to provide a long-term forecast of the portfolio and program costs. The most recent [*Actuarial Report \(2020\) \(PDF format\)*](#) is available on the website of the Office of the Superintendent of Financial Institutions.
- The Designation Policy Framework establishes Canada-wide criteria for designation, the process whereby post-secondary educational institutions are deemed eligible for student financial assistance programs. The Framework ensures that federal, provincial and territorial student financial assistance portfolios operate within the principles and practices of reasonable financial stewardship. As a part of this framework, the CSFA Program calculates and tracks the repayment rates of CSLs for designated Canadian institutions. The 2020 repayment rate for borrowers who entered repayment in 2018 to 2019 was 89.8%.

APPENDIX A

CANADA APPRENTICE LOAN

Support for apprentices

The Canada Apprentice Loan (CAL) provides financial support to apprentices in Red Seal trades during periods of technical training. This helps them complete their apprenticeship, and encourages more Canadians to consider a career in the skilled trades.

Eligible apprentices may apply for loans of up to \$4,000 per period of technical training, for a maximum of 5 periods. The loans are interest-free for up to 6 years as long as borrowers are confirmed as being registered in a Red Seal Trade apprenticeship program and no loan payment is due during this period. Given the timing of technical training requirements in their province, apprentices in Quebec do not qualify for CAL. Instead, Quebec receives an annual special payment.

In the 2019 to 2020 academic year, CALs amounting to \$44.1 million were disbursed to 10,700 apprentices. The majority of disbursed apprenticeship loans (80%) went to apprentices from 3 provinces: Alberta (39%), British Columbia (26%) and Ontario (16%).

APPENDIX B

FINANCIAL DATA

Consolidated report on the Canada Student Financial Assistance Program

Since 2000, the Government of Canada has provided student financial assistance directly to borrowers. Prior to 2000, Program lending regimes were administered by financial institutions. Under direct lending, the Government of Canada finances and administers the CSFA Program, contracting with a private-sector service provider (NSLSC) to manage student loan accounts from disbursement to repayment.

Reporting entity

The entity detailed in this report is the CSFA Program only and does not include departmental operations related to the delivery of the CSFA Program. Expenditure figures are primarily statutory in nature, made under the authority of the [*Canada Student Financial Assistance Act*](#) and the [*Canada Student Loans Act*](#). Information in Table 7 is reported on a fiscal year basis (April 1 to March 31), rather than on an academic year basis (August 1 to July 31).

Table 7

Direct loan portfolio¹

	Actual (in million \$)		
	2017 to 2018	2018 to 2019	2019 to 2020
A. INTEREST PAYMENTS RECEIVED			
Interest payments received on direct loans ²	280.0	351.4	339.4
B. STUDENT RELATED EXPENSES			
Canada Student Grants	1,322.9	1,537.8	1,583.0
Alternative payments³	338.6	456.7	492.3
Repayment Assistance Plan			
Repayment assistance – principal ⁴	85.9	99.9	117.9
Repayment assistance – interest	210.1	243.5	208.3
Loans Forgiven			
Loans forgiven – doctors and nurses	22.9	24.3	24.1
Loans forgiven – severe permanent disability	9.4	3.8	5.4
Loans forgiven – death	11.4	16.0	11.1
Loans forgiven – bankruptcy	0.0	0.5	1.7
TOTAL	2,001.3	2,382.5	2,443.9
C. OTHER EXPENSES			
Loan write-off	200.0	162.2	179.1
Interest subsidy ⁵	326.6	392.3	268.4
Collection cost ⁶	23.2	24.5	24.9
D. ADMINISTRATIVE FEES			
Program delivery expenses ⁷	88.9	67.1	32.7
Administrative fees to provinces	30.6	34.5	39.7
Other operating expenses	0.0	18.5	1.8
TOTAL	119.5	120.1	74.1

¹ This table shows the direct loan portfolio related expenses and interest received from student loans in repayment on a fiscal year basis (April 1 to March 31). This is not a financial statement and it differs from the annex included in previous annual reports. Since the presentation has changed, the table cannot be compared with past annual reports.

² This line item represents the interest portion of payments received on direct loans.

³ Payments made to non-participating jurisdictions to support them with their own student financial assistance program. Payments are reported in the year in which they were received by non-participating jurisdictions.

⁴ Amounts are different than those in Table 6 because they are presented on a fiscal year basis rather than an academic year basis.

⁵ Estimated cost to fund CSLs reported by the Department of Finance.

⁶ These are costs incurred by the Canada Revenue Agency to collect on loans in default.

⁷ CSFA Program delivery expenses include portfolio management, third-party administration, audit, actuarial and survey fees.

GLOSSARY

Academic year	August 1 to July 31.
Consolidation	Borrowers consolidate their student loan(s) 6 months after the end of 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.
Default rate	The CSFA Program measures default using a 3-year default rate. This rate shows the proportion of loan dollars that enter repayment in a given academic year and default within 3 years. For example, the 2017 to 2018 default rate represents the proportion of loan dollars that entered repayment in the 2017 to 2018 academic year and defaulted before August 1, 2020.
Designated	A designated post-secondary educational institution meets provincial/territorial and federal eligibility criteria, and students attending these schools can apply for government-sponsored student financial assistance, such as CSGs and CSLs.
Direct loans	As of August 2000, the federal government issued CSLs under the direct loans regime. Loans are directly financed by the Government and a third-party service provider administers the loan process.
Fiscal year	April 1 to March 31.
Full-time student	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, CSLs 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 that borrowers receive and repay 1 federal and provincial integrated loan. The federal and provincial governments work together to make applying for, managing and repaying loans easier. The CSFA Program has integration agreements with 5 provinces: British Columbia, Saskatchewan, Ontario, New Brunswick and Newfoundland and Labrador.
In-repayment status	The status of borrowers who have begun repaying their CSL. Repayment begins 6 months following the end of studies.
In-study status	The status of borrowers attending full- or part-time studies at a post-secondary institution, or who have finished school less than 6 months ago.
Part-time student	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. 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 CSFA Program.
Participating provinces and territories	The provinces and territories that choose to deliver financial assistance to students within the framework of the CSFA Program 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 prior to starting post-secondary education. This does not include 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.
RAP expense	This represents the amount of principal repaid by the Government of Canada through the Repayment Assistance Plan (RAP) in a given year, as a percentage of the total loan principal in repayment during the same year.
Repayment rate	The repayment rate is the percentage of the total principal amount of CSLs consolidated in a given academic year that is repaid or in good standing at the end of the subsequent academic 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, financial institutions (such as banks) provided CSLs 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.

Student financial assistance

Student financial assistance is any form of financial aid provided by the CSFA Program to students while enrolled in designated post-secondary education institutions, including CSGs, CSLs and in-study interest subsidies.
