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**A New Post-Secondary
Learner Support System**

**Association of
Canadian
Community
Colleges (ACCC)**



THE ISSUE

Access and affordability are bountiful concepts and key words used by policy makers in defining the role of post-secondary education and training in Canada. But, these words have not translated into action for the majority of learners. Why? Student debt. Incurred from high tuition fees, costly and complex payback schemes and underfunding, chronic student debt threatens to undermine access and affordability in the Canadian context.


Education is becoming unaffordable due to a conjunction of various factors, including system under-funding, decline in real family incomes, regional unemployment, erosion of financial aid programs, and rising costs to students. Those students who start poor end up poor by being subject to crippling debt loads and uncertain futures.

Statistics Canada's most recent Canada-wide education report refers to a "widening gap" between rich and poor enrolments at post-secondary institutions."

Source: Spectre of debt drives young Canadians away from school. The Ottawa Citizen, September 5, 2000.

There is a shared responsibility for dealing effectively with the issue of student debt as there is with most social issues. Business, financial institutions, industry, labour, public and private educational institutions, the federal and provincial governments and individual students all must be part of the solution.

Some Critical Issues



The alarming increase in student debt indicates the emergence of a national economic, educational and social problem that may soon be of critical dimensions.

Conversely, our national capacity to positively effect economic development through education and skills training will be greatly compromised as will our ability to reduce poverty and the social and financial costs that poverty generates.

In its efforts to reduce spending and hold debtors more accountable for their debt, our governments have pursued policies and procedures that have increased student debt and which debtors find both intimidating and demeaning.

Institutional and government bursary and scholarship programs have been slow to develop and have lagged significantly behind the termination of existing government grant programs.

The confusing complexity and prevalence of many different types of post-secondary learning financial assistance mechanisms adds to the inaccessibility of funding for many current and potential learners.

Developed in the 1960s, the Canada Student Loans Program (CSLP) is the most recognizable mechanism. Despite adaptations and alterations to the CSLP, it is now time to revamp the program to reflect the economic and social conditions of the 21st century. The rapid rise in Canada Student Loan debt levels since 1995/96 is the product of a convergence of many social and economic forces, including:

- a decline in real incomes
- reductions in federal transfers/support
- changes in the employment insurance system and
- changes in provincial social assistance policies.

Examples of other funding mechanisms include:

- Provincial/Territorial Student Assistance Programs
- Unemployment Insurance
- Canada Education Saving Grant
- Commercial Loans
- Vocational Rehabilitation for Disabled Persons
- National Defence
- Employers and Unions
- Veteran's Affairs
- Non-Status Indian, Metis Programs
- First Nations Band Programs
- Indian and Northern Affairs
- Social Assistance - provincial/territorial and municipal
- Workers' Compensation
- Apprenticeship
- Scholarships and Bursaries
- Registered Education Savings Plans

Problems include:

- the proliferation of incompatible retraining and other programs that have developed independently of the loan system to try to meet the needs of equity groups;
- excessive restrictions on access to the loan system;
- inflexibility in loan limits despite evidence of rising costs and new needs;
- assumptions about the age and circumstances of learners;
- the withdrawal of grants;
- the offloading of education costs on to learners;
- high default rates; and,
- an unfriendly and ineffective repayment regime.

Learner Support System

A new Learner Support System must be shaped by the following principles:

Universal. The system is accessible to all kinds of learners engaged in various types of learning at different stages of life. The new system must recognize in its goals and mechanisms that Canadian learners come from every age group and family situation, from every part of Canadian society.

Responsible. The system recognizes the financial responsibility that Canadian society has towards its learners, and learners recognize their responsibility to contribute to their communities and repay their debts. Post-secondary education has become a basic educational necessity for most Canadians. It is, as high school once was, a prerequisite for full participation in the economy and in society.

Portable. Learners are able to take their financial support with them to any part of the country or internationally, where appropriate. The system must be flexible enough to adapt to the needs of a highly mobile and diverse group of learners. National and provincial barriers become counter-productive in an environment that favours workers who are mobile and who need international knowledge and cultural sensitivity.

Simple. There is one program, one form and one assessment. It is easily administered and comprehensible to everyone. Learners must make decisions that radically affect the rest of their lives in an atmosphere of confusion, misinformation and fear. Few learners, and indeed few financial aid professionals, understand the terms and conditions of all the programs which now exist.

Rational. Ideally, all forms of student assistance should be rolled into one program. At the very least, there should be an elimination of duplication and a drastic reduction in the number of education and training assistance programs. The proliferation of aid programs is a reflection of the inadequacies of both the loans programs and the income support programs. Learners should not be trapped between uncoordinated systems. The new system should be flexible and sensitive enough to eliminate the need for all these programs.

Flexible/Adaptable. The design and delivery model of student financial assistance should respond to a wide and growing range of needs. The new system has to be designed to respect the diversity of the population and to recognize the reality of lifelong learning, rapid change, cultural diversity, the virtual campus and the multiple job/career world of the 21st century. The system must be flexible enough to adapt to the needs of a highly mobile and diverse group of learners.

Recommendations

Recommendation 1: Develop a New System

- The two levels of government implement a new learner-friendly support system;
- The principles of universality, responsibility, portability, simplicity, rationality and flexibility guide the new system;
- Include a significant grant to learners, particularly in years one and two;
- Reflect regional costs of living, and provide for transportation costs; and,
- Include supplementary health care and dental insurance for learners.

Recommendation 2: Create a Learner-Friendly Environment

- Both levels of government create a learner-friendly environment by providing funding for financial awareness education, adequate levels of academic advising, and career counselling at both the secondary and post-secondary levels; and,
- Both levels of government encourage post-secondary institutions to facilitate the timely completion of programs, support the transfer of students between institutions, and use the time and money of students efficiently.

Recommendation 3: Alleviate Existing Debt

- Alleviate existing debt by providing free detailed financial planning advice to graduating students;
- Increase the tax deductions for loan payments;
- Freeze debt and interest charges during periods of unemployment or underemployment;
- Set interest ceilings for interest charged on any educational loans (past, present and future);
- Build in incentives for successful and timely repayment; and,
- Eliminate the discriminatory treatment of student bankruptcy.

Recommendation 4: Address Research Gaps

- Research data on the cause of student defaults on loan payments;
- Address the level of non-CSLP, education-related debt among both learners and their families;
- Analyze the long-term social and economic implications of this debt; and,
- Research the level and nature of debt aversion.

Canada must become an educated society with accessible and affordable post-secondary education

LEARNING  DEBT

