



Category:	Student Financial Aid
Topic:	Parental Contribution
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Whereas:

Currently, students classified as ‘dependent’ in the needs assessment criteria of both the Canada Student Loan (CSL) and the Nova Scotia Student Loan (NSSL) are assessed a monthly parental contribution as part of their available resources. In order to be considered independent, thus exempt from the parental contribution deductions, a student must have been out of secondary school for four years or have been in for two periods of 12 consecutive months each when they were not a full-time student.

Parental contribution refers to the amount that parents are expected to contribute towards a student’s education, as determined through the needs assessment process to assess eligibility for student financial assistance. The assessment is based on the family’s income, size and number of students in post-secondary education.

It is the governments position that students and their parents/families have primary responsibility for funding post-secondary education. The government provides needs-based assistance that is intended to supplement, not replace, the existing financial resources of a student and their parents. Parental contribution is determined by assessing gross household income, less payments made for income tax, CPP, EI etc. In addition, families are assigned a moderate standard of living (MSOL), based on family size, that provides for housing, food, transportation etc. The resultant discretionary income is then subject to the following parental contribution formula, whereby income in excess of the MSOL is subject to the following contribution rates:

2007 / 2008 PC Formula

<i>Discretionary Income</i>	<i>Contribution Rate</i>
\$0 - \$7,000	15%
\$7,001 - \$14,000	25%
\$14,001 and over	40%

Both Canada and Nova Scotia student loan programs have made improvements to the parental contribution formula in the 2005/2006 academic year by reducing the expected contributions. As well, Nova Scotia further reduced expected parental contributions by 25% for Nova Scotia Student Loans in the 2006/2007 academic year. The cumulative effect of these changes has been a shift of approximately \$4,000 in expected contributions from families to governments. It is estimated that this adjustment has assisted approximately 6,500 students in Nova Scotia.

The table below illustrates the changes in recent years based on a sample family size of four using the Nova Scotia MSOL rate. For example, a Nova Scotia family (two parents with two children) earning a combined

income of \$100,000 was expected to contribute \$16,734 in 2004/05 and in 2007/08 was expected to contribute \$4,733.

<i>Combined Parental Income</i>	<i>Gross</i>	<i>2004/2005</i>	<i>2005/2006</i>	<i>2007/2008</i>
<i>\$50,000</i>		<i>\$0</i>	<i>\$0</i>	<i>\$0</i>
<i>\$70,000</i>		<i>\$4,720</i>	<i>\$2,244</i>	<i>\$144</i>
<i>\$90,000</i>		<i>\$12,566</i>	<i>\$9,496</i>	<i>\$2,510</i>
<i>\$100,000</i>		<i>\$16,734</i>	<i>\$13,664</i>	<i>\$4,733</i>
<i>\$110,000</i>		<i>\$20,903</i>	<i>\$17,832</i>	<i>\$6,956</i>
<i>\$130,000</i>		<i>\$29,239</i>	<i>\$26,169</i>	<i>\$11,402</i>
<i>\$150,000</i>		<i>\$36,595</i>	<i>\$33,525</i>	<i>\$15,325</i>

While a number of structural changes have been made to parental contribution expectations, a series of concerns linger over how this grid affects accessibility to post-secondary education. These concerns are as follows:

Number of Children in PSE:

Parents of two or more children attending post-secondary education simultaneously are responsible for government determined parental contribution divided by the number of children enrolled in post-secondary education at that time. However, parents whose children attend post-secondary education separately are responsible for full costs of government determined amount for each child as when they attend post-secondary education separately. This leaves parents whose children attend post-secondary education at separately with double the costs of the first scenario, representing an inequity in the program.

Not responsive to families:

The current method to determine parental contributions fails to acknowledge that families make different spending and saving priorities based on different priorities over a lifetime. Further, families have varying degrees of capacity to meet government defined levels of contributions at the time they are required. The current method of determining parental contributions fails to acknowledge that the family budget is a complex entity.

Not responsive to age:

Research conducted by EKOS Research Associates finds that up to one half of all students under the age of 22 do not receive any parental support. Additionally, the study suggests there is a strong correlation suggesting that age is directly related to a student's likelihood of receiving parental support - as the student ages the incidence of family support declines. Between the ages of 19 and 24, the number of students receiving parental support declines from 88% to 66%.¹ Yet, the needs assessment criterion fails to consider parents who will not or cannot find means to support their dependent students. This leaves students with non-supportive parents - or parents who cannot meet the required contribution amount - are left

¹ Canadian Millennium Scholarship, *Making Ends Meet: the 2001-2002 Student Financial Survey*. March 2003.

with unmet need and are placed at an unfair disadvantage.

Appeals process:

If a student is unsatisfied with the amount of student aid they receive, the student has the right to appeal this decision. The student financial aid office has two appeal boards for students. All cases are initially addressed at the lower board, which is comprised on staff members from the Student Assistance Office. If a student is unhappy with the result achieved at the lower appeal board, they made appeal to the higher board, which is comprised of members who are appointed by the Minister of Education. This board has six members (1 member at large, 2 students, and 3 members representing college, university, and private financial aid administrators).

*The Nova Scotia Student Assistance Office **expects** a contribution from parents, based on their previous years tax return. Therefore, a student cannot appeal their assessment based on a parents refusal to supply their expected contribution. However, if a parent or student submit information to the appeal board with extenuating circumstances as to why the parent's cannot supply the expected contribution they may be successful at the appeal level. Examples of this might include the reduction of income, mandatory home repairs (not renovations but repairs), uninsured medical/ dental, etc.*

This represents a logical disconnect: students whose parents are unable or unwilling to provide support have a great deal of financial need for that precise reason, but are immediately locked out of the appeals process on those same grounds. NSSL must develop mechanisms in its current appeals process allowing students who receive too little or no parental support access to financial aid. Appeals made on the basis of insufficient or non-existent parental support should be granted as a matter of course provided the student is able to reasonably prove his or her case. Moreover, NSSL must make available additional financial aid to students who are not supported by their parents. These students are missing a major piece of the student financial puzzle. As such, students who can prove their case at appeal should also qualify for extra funding to meet their financial need.

While ANSSA recognizes the critical role that parents play in financing education, expectations for parental support must be reasonable and negotiable. It is critical that NSSL regulations around parental contributions cease penalizing students who are receiving less money than mandated by unfairly reducing a student's financial aid package or disqualifying them from government assistance all together. It is palpably unfair for students to be penalized for their parent's inability or unwillingness to contribute financial support. The reality is many parents provide far less assistance than the system expects, denying students adequate student aid. The Nova Scotia government must revisit its current system for calculating parental contribution, ensuring that expected parental contributions better reflect a family's true financial picture. It is essential that calculations for parental contribution take into account a family's *actual* discretionary income, for example.

Therefore, ANSSA:

1. *Urges* the Province of Nova Scotia to re-evaluate and alter income thresholds on a yearly basis, and
2. *Urges the Province of Nova Scotia to better advertise the appeals process;*

3. *Recommends* the Province of Nova Scotia expand its current student financial assistance appeals mechanisms to include student applications students who are receiving too little or no parental support.