



Category: Accessibility
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Whereas,

ANSSA believes that up-front financial aid in the form of grants should account for the majority of government spending on student assistance. In the Government of Nova Scotia's 2008 Budget, the Finance Minister announced the introduction of an up-front needs based grants program. The program converts 20% of a Nova Scotia Students' provincial loan into a non-repayable grant.

In 2008 The Nova Scotia Government lent \$31.5 Million in student loans and dispersed almost \$7.6 Million through the Nova Scotia Study Grant program. In Budget 2009, the provincial government announced its plan to spend \$14 Million in graduate retention tax credits. By 2011 the government estimates that it will spend \$23 Million on this program, which is 303.9% more than it has budgeted to invest in the Nova Scotia Study Grant Program, based on its' first year of operation. While the primary evidence suggests that tax credits are an ineffective tool for retaining graduates, there is significant evidence that suggests that effective up-front grant programs will increase university participation rates¹. A more generous student financial assistance program would reduce student debt, and one might argue that this would reduce the outmigration of youth searching for better employment to pay off their debt.

The introduction of the Nova Scotia Study Grant program in Budget 2008 has been a step in the right direction. However, there are several improvements that ought to be made to the current system. The proportionate value of a grant and the fact that a student is required to take a Nova Scotia Student Loan to receive a grant are the primary concerns expressed here.

Proportionate Value of a Grant

Under the current system, a student who qualifies for a low-value loan receives the same proportion of a grant as a student who is eligible for the maximum value of a student loan. The value of a provincial student loan accounts for 80% of assessed need, while the value of the Nova Scotia Study Grant is only 20% for students of all levels of financial need. The current student assistance system is effective at assessing and meeting the immediate financial needs of a student, but its long-term effects are neglected by trying to use a one-size-fits-all proportionate grant size to aid students.

¹ Chemin, M.(2009). Does Student Financial Aid Cause More Participation In and Graduation From University? Evidence from the Quebec Student Aid reform. A MESA Project Research Paper. Toronto, ON: Educational Policy Institute002E

What is problematic about the current student assistance system is that it leaves the student of the highest need with a significantly larger debt than the student of lower need, or a student who doesn't qualify for loans at all. This acts as a disincentive for many students who have opted not to pursue a university education. 33 % of Canadian youth not pursuing university education have cited financial reasons as the primary factor that has affected their decision to not go to university, making it the single largest factor cited². Almost a quarter of students who discontinue their post-secondary studies before graduation cite financial reasons as their primary concern for leaving school³. Unfortunately, under the Nova Scotia Student Assistance model this disincentive is magnified for the neediest among us as the assessed need of a student increases.

In Nova Scotia, an undergraduate student in a four year program can accumulate up to \$16, 640 in provincial student loans, in addition to \$29, 120 they can accumulate from the Canada Student Loans Program⁴. In total, a student of highest need will graduate owing a principal amount of \$45, 780, which will ultimately grow once interest begins accruing. Students with disabilities, professional students, students with dependants and students with debt will also encounter additional debt. Additionally, many students will struggle to get by and resort to additional bank or family loans to bridge the gap between government loan and employment income and their study and cost of living expenses.

ANSSA proposes that the provincial government adjust the existing grants system to use a dispersal mechanism that increases the proportionate value of a grant as assessed need increases. ANSSA believes that an acceptable base grant value is at minimum 40% of a students' assessed need. The value of this grant should be raised incrementally in a manner that will ensure no student leaves a four year undergraduate program with greater than \$10 000 of provincial government debt. Such a model would have the student with the highest need receiving a grant valued at just over 50% of their assessed need.

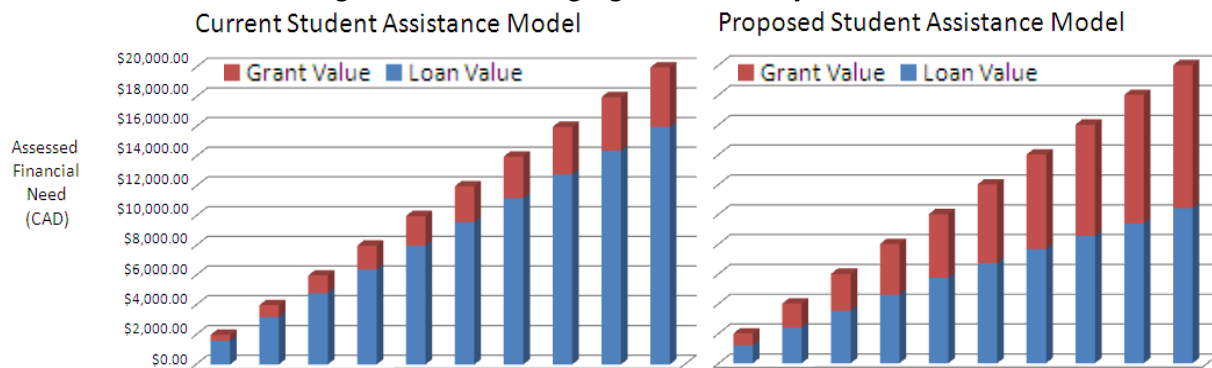


FIGURE 1 - THE CURRENT STUDENT ASSISTANCE MODEL IS COMPARED TO THE PROPOSED MODEL WHICH ACCOUNTS FOR AN INCREASE IN PROPORTIONATE GRANT SIZE AS ASSESSED NEED INCREASES, AS WELL AS A BASE GRANT VALUED AT 40% OF ASSESSED FINANCIAL NEED.

² Malatest, R.A. (2007). Class of 2003 High School Follow-Up Survey. Montreal: Canada Millennium Scholarship Foundation.

³ Lambert, Mylène, Klarka Zeman, Mary Allen, and Patrick Bussière. (2004). Who Pursues Postsecondary Education, Who Leaves and Why: Results from the Youth In Transition Survey. Ottawa: Statistics Canada.

⁴ Byron, K. Personal Communication. Department of Education.

Unlike other debt cap systems that deliver an “on-completion” debt cap, such a system would eliminate many of the financial stresses associated with completion-criteria dependence for debt-cap relief.

Grant and Loan Coupling

Nova Scotia is unique in coupling the grant directly with a student loan. This is advantageous, in one respect, as it ensures that the grant value rises directly as financial need increases, so long as the criteria for needs based assessment are fair. However, it continues to promote a debt-culture for student assistance. A student who qualifies for assistance under the provincial student loan program has obviously demonstrated financial need. Many students cite unwillingness to take on debt as an influencing factor that prevents them from enrolling in post secondary studies. Students who have already accumulated debt from previous degrees, lines of credit, loans and mortgages are disenfranchised by a student assistance program that necessitates debt. Mature students, in particular, are served poorly by this system. 21 per cent of students over the age of 26 reported having a mortgage in 2002⁵. To expect these students or any students to take on additional debt unwillingly in order to receive a grant that they have already qualified for financially is irrational.

Therefore, ANSSA:

- *Calls on* the Government of Nova Scotia to increase the minimum value of a base grant to 40% of assessed need.
- *Calls on* the Government of Nova Scotia to ensure that the proportionate value of a grant increases incrementally with a student’s assessed need to ensure students who qualify for more financial assistance have a *more* manageable debt, which will be capped at \$10 000 for a 4-year undergraduate degree.
- *Calls on* the Government of Nova Scotia to expand eligibility for the Nova Scotia Study Grant program to include students with demonstrated and assessed need but do not hold or wish to receive a Nova Scotia Student Loan

⁵ Canadian Millennium Scholarship Foundation (2002). Chapter 6: Other resources from borrowing and non-loan governmental assistance in *Making Ends Meet: The 2001-2002 Student Financial Survey*.