



Student Assistance in Nova Scotia

A Guide for Reform

A report from the Alliance of Nova Scotia Student Associations



The Alliance of Nova Scotia Student Associations (ANSSA) is a non-partisan, not-for-profit organization representing over 35,000 students at five post-secondary institutions across the Province of Nova Scotia. ANSSA's mandate focuses exclusively on post-secondary education, and is committed to advocating for a high quality system that is accessible and affordable to every qualified student.

ANSSA MEMBER ASSOCIATIONS INCLUDE:

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- Saint Francis Xavier University Students' Union
- Dalhousie Student Union
- Saint Mary's University Students' Association
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EXECUTIVE SUMMARY

This submission to the Department of Education's Student Assistance Review is intended to make both the Nova Scotia Student Assistance Program (NSSAP) and higher education in Nova Scotia more accessible. We have put forth a series of recommendations that address almost every facet of NSSAP. Nova Scotia has one of the worst student assistance programs in North America. Our recommendations are intended to transform NSSAP into the best student assistance program in the Country.

We have recommended the following:

- Increase the grant portion of the student assistance package to account for, at minimum, 50% of a student's assessed need.
- Restructure the grants system to be progressive, such that an increasing proportion of non-repayable assistance is provided for those students with the highest debt-loads.
- Set a debt cap value that ensures the Nova Scotia debt cap is the lowest (best) in the country.
- Reduce the parental contribution expectations to bring more students from middle-income backgrounds into the program.
- Eliminate spousal contribution expectations entirely.
- Remove the cap on in-study income exemption.
- Set a two-tiered pre-study income contribution expectation that is the same for all students in each category. One category for students living at home and another category for students living away from home.
- Increase the cap on allowable income from scholarship and bursaries.
- Simplify the student loans application process.
- Create an early outreach strategy for the province that provides funding for programs like Pathways to Education that address both the non-financial and financial barriers to education
- Redirect funding from the Graduate Retention Rebate into up-front grants that can be used to administer a debt cap as described above.
- Eliminate interest on student loans.
- Extend the "grace period" in which no payments are required and no interest accrues on Nova Scotia student loans to at least one year following graduation.
- Allow students who have decided to study part-time to do so without interest accruing on their student loans, or being required to make payments on their student loan until the end of the post-graduation grace period.
- Introduce mandatory financial literacy training for student assistance recipients.
- Develop a decentralized loan-appeals mechanism.
- Create an alternate stream in the student loans programs for mature students
- Review the role and regulation of private for-profit career colleges in Nova Scotia

These recommendations are made in concert with ANSSA's recommendations on provincial tuition policy that is under review this year. Our organization believes that the key to creating an accessible and affordable education system is through harmonizing tuition policy with student assistance policy. We cannot discuss one without addressing the other. Alongside the reforms suggested here we recommend a continuation of the tuition freeze and tuition reduction bursaries program that was introduced in 2008.

CONTEXT

The review of student assistance comes in the wake of economist Tim O'Neill's government commissioned Report on the University System in Nova Scotia. The report was the first of its kind done in any province in Canada since the recession, the effect of which has been heavy on university investments, endowments and student employment rates¹. Meanwhile, in the face of mounting provincial debt and rising deficits, the Government of Nova Scotia is undertaking an aggressive agenda of restraint to balance the budget.

At the heart of O'Neill's report are two recommendations related to the cost and financing of a student's post-secondary education. The first suggests that the province and universities completely deregulate tuition fees. The second encourages the government to remove the cap on student loans, increase the non-repayable grant portion of a student assistance package and cap student debt by preventing it from accruing. O'Neill ties the two recommendations together by proposing that a portion of revenue from tuition increases be earmarked to fund student assistance programs.

The latter of these two recommendations appears to be the impetus for the review currently being conducted by the Department of Education and Compasspoint Management Group, for which this paper has been prepared.

INTRODUCTION

The problems with the Nova Scotia Student Assistance Program (NSSAP) are many, and as Nova Scotia Premier, Darrel Dexter, admits, "the student assistance piece in Nova Scotia is among the worst in the country." Our submission outlines the steps necessary to reverse this status, and sets the ambitious and realistic goal of transforming our student assistance program into the best in Canada. In some cases this means modeling the program after the successes of other provinces, and in other cases it means becoming pioneers for student assistance progress in Canada and enacting policies not yet used in other jurisdictions.

Our recommendations are structured to address six main problems that have been repeatedly identified by students throughout the most recent and previous consultations² on student assistance. Many of the

¹ Usher, Alex, and Dunn, Ryan (2009). *On the Brink: How the Recession of 2009 Will Affect Post-Secondary Education*. Toronto, ON: Educational Policy Institute..

² Richard, P. (2008). Report to the Minister: Nova Scotia Student Assistance Review Summary of Public Consultations. Compasspoint Management Group Inc.

following recommendations directly address the eight questions being asked by the current review. When this is the case, the numbered question has been indicated in parentheses.³

Other recommendations go beyond the questions discussed in the current review and address problems with the student assistance program that have been identified by our organization or members of the public throughout the public consultation process.

PROBLEMS AND SOLUTIONS

PROBLEM

1. Nova Scotia has the highest student debt-loads, lowest grant-to-loan ratio and a large amount of unmet need among program participants

The maximum amount of combined provincial and federal student debt a student can accrue over the course of a four-year undergraduate degree in Nova Scotia is \$44,880 (Maximum of \$11,220 per year)⁴. This amount may be larger for students who take more time to complete their degree. Many of these students also take on additional forms of debt to meet their unmet need⁵.

At the time of graduation from an undergraduate degree, 69% of students in Nova Scotia have an average of \$31,900 in cumulative debt from all sources (including government student loans, bank loans, lines of credit, and family loans)⁶. When only government student debt is included, the average student debt in 2008 was \$24,387, a rise of \$16,727 from the 1990 average student debt of \$7,660⁷.

To make matters worse, these excessive debt-loads are still inadequate in providing many students with the necessary short-term resources to complete their degree. Unmet need, as defined by NSSAP, is “the

³ The questions, from the review sessions, are numbered as follows: 1. To reduce the debt burden on Nova Scotia Students, what would be an appropriate debt cap amount? 2. Should government cap debt through increased up-front grants, loan forgiveness tied to academic completion, a combination of grants and forgiveness, or by some other means? 3. Should government improve the graduate retention rebate program to assist in reducing student debt? 4. What opportunities are there to address unmet need? 5. How can government assist low and middle-income families in preparing for their children's post-secondary education? 6. How much financial support should parents (or a spouse/a partner) be expected to contribute to students to attend post-secondary education? How should that contribution level be determined? 7. How could the province expand the Nova Scotia Student Assistance Program to assist students from under-represented groups to gain better access to post-secondary education? 8. Besides loans and grants, are there other opportunities for government to assist current or potential students?

⁴ Department of Education(2010). A discussion guide on: Nova Scotia student financial supports. Retrieved on November 26 2010 from <https://sa-review.ednet.ns.ca/>.

⁵ Canadian Education Project (2010). Canadian Student Survey Report One: Summer work and paying for post secondary education. Retrieved on March 30 2010 from <http://canedproject.ca/publications/2010/Canadian-Student-Survey-Summer-Work-and-Paying-for-PSE.pdf>.

⁶ Ibid.

⁷ O'Neill, T. (2010). Report on the university system in Nova Scotia. Retrieved on September 20 2010 from <http://gov.ns.ca/premier/publications/EducationReport.pdf>.

difference between the student’s assessed financial need (education costs minus individual and parental resources) and the funding provided by government financial assistance⁸.” Recognized unmet need, as we will refer to it here, affects only those students who are receiving the maximum value of student loan and are already on track to have a \$44,880 combined federal and provincial student debt-load at graduation⁹. “Actual unmet need” which will be discussed in the subsequent section, affects students beyond those in this category.

In the 2010-2011 operating year, NSSAP recognized that 2,275 students at Nova Scotian educational institutions had an average unmet need of \$2,043.96. The largest group of students affected by unmet need are the 1,550 university students who reported having unmet need last year. In contrast, unmet need affects a smaller number of college students, but the value of unmet need is roughly double that of university students (See Table 1).

Table 1 - Statistics related to recognized unmet need for NSSAP recipients at Nova Scotia Educational Institutions (EI) in 2009-2010 (Source: NSSAP).

	Total Number Receiving Assistance	Number of Students with Unmet Need	Proportion of Students with Unmet Need on NSSAP	Total Unmet Need Value	Average value of unmet need
University Students	7950	1550	19.50%	\$3,500,000.00	\$2,258.06
NSCC Students	2675	275	10.30%	\$1,150,000.00	\$4,181.82
Private Career College Students	1150	450	39.10%	\$2,300,000.00	\$5,111.11
All Students	11775	2275	19.32%	\$4,650,000.00	\$2,043.96

Due to program restrictions NSSAP was unable to provide the \$4.6 Million in assistance that the program recognized this group of students would require to fund their studies. Unmet need levels will only grow if the costs associated with attending post-secondary (Rent, Tuition, Fees, Food) continue to rise. The current cap on student assistance is fixed, while costs associated with attending post-secondary education are not.

As a result of the prevalence of unmet need, students are turning to other sources of debt to fund their studies. According to the Canadian Student Survey, 12 per cent of respondents indicated they had taken out a private loan or line of credit from a bank at a median value of \$6,000 per student. Meanwhile, 16 per cent of respondents reported accepting loans from family members for a median value of \$4, 000 per

⁸ Ibid.

⁹ Assuming a 4 years, 32 week per year standard undergraduate program.

student¹⁰. Clearly, the student assistance program is unable to provide students with the necessary funding needed to complete their degrees.

Student debt-loads are high in Nova Scotia because of four factors. First, tuition has always been higher than the national average, and until recently it has been the highest in the country¹¹. Second, the grants-to-loan ratio in Nova Scotia is one of the lowest in the country¹². Third, student unemployment rates in Atlantic Canada have been high over the past decade¹³, leaving students with less pre-study income and more reliant on debt. Lastly, Nova Scotia lacks any form of debt-capping mechanism that limits the amount of debt a student can incur throughout their degree.

Under the current grants system, a student who qualifies for a low-value loan receives the same proportion of a grant (20 per cent) as a student who is eligible for the maximum value of a student loan. NSSAP is effective at assessing and meeting most of the immediate financial needs of a student, but the program neglects the long-term best interests of the student by trying to use a one-size-fits-all proportionate grant size to aid students.

The current student assistance system leaves the student of highest need with a significantly larger debt than both the student of lesser need and the student who does not qualify for loans at all. This acts as a disincentive according to many students who have opted not to pursue a university education. 33 per cent of Canadian youth not pursuing university education cited financial reasons as the primary factor affecting their decision to not go to university, making it the single largest cited reason for forgoing university studies¹⁴. Almost a quarter of the students who discontinue their post-secondary studies before graduation cite financial reasons as their primary concern for leaving school¹⁵. Unfortunately, under the NSSAP grants distribution model this disincentive is magnified for the neediest among us. As the assessed need of a student increases, so does their expected debt load.

¹⁰Canadian Education Project (2010). Canadian Student Survey Report One: Summer work and paying for post secondary education. Retrieved on March 30 2010 from <http://canedproject.ca/publications/2010/Canadian-Student-Survey-Summer-Work-and-Paying-for-PSE.pdf>.

¹¹ Statistics Canada. (2008). *The daily: tables*. Retrieved 2 May 2009 from <http://www.statcan.gc.ca/daily-quotidien/060901/t060901a-eng.htm>

¹² The Nova Scotia grants-to-loan ratio is 20:80, while the Canadian average is close to 30:70. Manitoba and Quebec both boast a near 50:50 grant:loan ratio which is more generous than all other provinces. Source: Berger, J., Motte, A. and Parkin, A. (2009). *The price of knowledge: access and student finance in Canada*. Montreal: Canadian Millennium Scholarship Foundation.

¹³ Berger, Joseph., Motte, Anne., and Parkin, Andrew (Eds) (2009). *The Price of Knowledge: Access and Student Finance in Canada* Montreal, QC: The Canadian Millennium Scholarship Foundation.

¹⁴ Malatest, R.A. (2007). *Class of 2003 High School Follow-Up Survey*. Montreal: Canada Millennium Scholarship Foundation.

¹⁵ 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.

SOLUTION

To reduce debt-loads at graduation, the Government of Nova Scotia must:

- Increase the non-repayable grant portion of the student assistance package to cover at minimum 50% of a student's total assessed need. (2, 5)
- Restructure the grants system to be progressive, such that an increasing proportion of non-repayable assistance is provided for those students with the highest debt-loads, which will effectively cap government student debt. (2, 5)
- Set a debt cap value that ensures the Nova Scotia debt cap is the lowest (best) in the country. (1, 5)

To address the recognized unmet need challenge faced by students receiving NSSAP loans, the Government of Nova Scotia must:

- Remove the cap on student assistance to eliminate recognized unmet need and ensure that additional assistance used to bridge the unmet need gap is provided in the form of grants, not loans, so as to not give more debt to the already most debt burdened student borrowers. (4)

PROBLEM

2. Resource assessment criteria do not reflect students' actual needs

There is a second type of unmet need, which we will refer to as "actual unmet need" which is what the student would declare as their unmet need if asked. Because any program is incapable of providing an entirely accurate picture of each and every individual's financial situation, there are bound to be individuals who receive more or less assistance than they need. Actual unmet need is the difference between a student's actual financial need (as defined by the student's own assessment of costs and resources) and the funding provided by government financial assistance. Unlike recognized unmet need, actual unmet need can affect any student regardless of whether they are receiving student assistance.

Because of the inflexibility of criteria used to assess a student's resources and costs, a student may end up with inadequate support from student assistance; meanwhile on paper there is no recognized unmet need. While there are valid concerns about students receiving a larger amount of assistance than they actually require, NSSAP must strive to err on the side of generosity rather than risk preventing a student from attending post-secondary education.

One of the unspoken tenets of NSSAP and other student assistance programs is that individuals pursuing post-secondary education should be expected to live on an extremely frugal budget, which many would consider to be below the poverty line. A student's ambition to raise their standard of living, through seeking paid employment or pursuing scholarships and bursaries, is penalized and student assistance funding is withdrawn as the student's resources increase.

This section focuses on the most concerning aspects of the student assistance program's resource assessment criteria that have, in the past, neglected many students in challenging financial situations.

a. Parental Contribution

Parental contribution is assessed using a three-step process. First, deductions¹⁶ and taxes are subtracted from the parent(s)' gross income. Second, from this amount, the moderate standard of living (denoted by family size) noted in Table 2 is subtracted to give "discretionary income". Lastly, the parental contribution is determined to be an amount dependant on the family's discretionary income, an amount associated with a percentage, which increases as the amount of discretionary income increases and is split between the number of dependants in a family pursuing post-secondary education.

Table 2 - Moderate Standard of Living (MSOL) based on family size (Source:NSSAP 2010).

Number in Family	2	3	4	5	6	7	8
MSOL	\$37,614	\$46,804	\$53,321	\$58,378	\$62,511	\$66,004	\$69,033

Nova Scotia currently assumes a parental contribution at 75% of that which is required by the Canada Student Loans Program (CSLP). Unrealistic parental contribution expectations remain a regular grievance among students and families who have trouble accessing the program or do not receive adequate support from the program.

The parental contribution assessment is effective in identifying the neediest students applying for financial assistance for post-secondary studies. Individuals from families earning more than \$100,000 per year are more than twice as likely as those from families earning less than \$25,000 per year to go to university¹⁷. Yet, it is clear from the experiences communicated in the public consultation sessions that it has failed at identifying many high need individuals, which is why we suggest that it be lowered, but not removed entirely.

Removing the parental contribution expectation entirely would effectively remove all forms of government assistance that recognizes the fact that students from lower income backgrounds are both less likely to participate in post-secondary education, and not only require, but benefit more from government assistance. It would also make a very expensive program for government. Without a parental contribution expectation, essentially anyone could apply for and receive a student loan and non-repayable grant. This would no doubt result in students who don't actually need assistance taking out a loan each year just to get the "free money" provided through the grant, and pocketing or investing all or part of their student loan while it is interest free, and then cashing out at the end of their studies. If this is deemed to be fair – where everyone gets the same amount of assistance regardless of parental income -

¹⁶ Allowable deductions include RRSP 208 rollovers, Childcare, Alimony, Employment Expense, CPP less overpayments, EI less overpayments, Parents Tuition, Medical expenses, Taxes (NSSAP, 2010).

¹⁷ Berger, Joseph., Motte, Anne., and Parkin, Andrew (Eds) (2009). *The Price of Knowledge: Access and Student Finance in Canada* Montreal, QC: The Canadian Millennium Scholarship Foundation.

then the more effective means of distributing this assistance is through direct tuition reductions rather than through grants. We advocate that, given the current financial situation the province is facing, a tuition freeze combined with increased non-repayable assistance be used to increase access and maintain current affordability levels.

SOLUTION:

The Government of Nova Scotia must:

- Reduce the parental contribution expectations from 75% to 25% of the contribution expected from CSLP to provide more assistance to program participants and bring more students from middle income backgrounds into the program. (4, 5, 6)

b. Spousal Contribution

Spousal contribution is assessed in a similar way to parental contribution. Spousal contributions apply both to married individuals and to common-law partners. If a spouse is not currently in post-secondary studies they are expected to contribute significantly to their partner's education. Regardless of income level, the spouse is expected to contribute \$240/week plus an additional contribution of 70% of the disposable/discretionary income. When spousal contribution is being determined, neither the spouse's own student loan payments, nor any of the couple's shared loan, mortgage or other financial obligations (except for dependants) are taken into consideration.

The parental contribution expectations differ from the spousal contribution expectations mainly in that parents have had 18 - 19 years to plan for their children's education, whereas spouses generally are not aware of their expectation until their partner's apply for the program. Most married or common-law partners enrolled in university are generally younger newly-wed or newly-common-law individuals and are in a very different stage in their lives than the parents of young students. Program limitations on mature students are discussed at a later point in this document.

SOLUTION:

The Government of Nova Scotia must:

- Eliminate spousal contribution expectations entirely. If the spousal contribution expectations cannot be eliminated they should be reformed to account for other obligations that may constrain the spouse or couple financially. (4, 6)

c. In-Study and Pre-Study Income

During the study period a student is allowed to earn up to \$50 per week that is exempt from consideration as a resource available to the student. If a student earns more than \$50 in a given week, the

difference between the amount earned and the allowable \$50 is then considered a resource available to the student and deducted from their assistance provided.

During the pre-study period (summer for most students) NSSAP expects students to save a portion of their moneys earned to fund their studies. The minimum pre-study student contribution is \$132 per week for a student living at his or her parents' home and \$19 per week for a student living away from home. The remaining amount the student is expected to contribute is calculated using cost-of-living assumptions and tax rates, both of which are deducted from the student's total income along with the minimum pre-study contribution to determine the additional contribution expected from the student.

If the student fails to declare their pre-study or expected in-study income before the study period begins, a case usually resulting either from lack of fore-knowledge of gaining employment or from inadequate means of informing students of their obligation, their earnings above the exemption are then classified as "over-awards" and deducted from the subsequent year's loan.

This policy penalizes the student who works to satisfy an unmet need or desire not recognized by NSSAP by reducing the amount a student receives in assistance funding when an individual works or earns money. In Nova Scotia the minimum wage is currently \$9.65 per hour, which allows for just over five hours per week of in-study employment for a minimum-wage earner before NSSAP funding is reduced. Students who work even a modest amount while in school are effectively penalized for taking initiative to meet their own needs or desires when in the program.

SOLUTION:

The Government of Nova Scotia must:

- Remove the cap on in-study income exemption to allow students to earn what they need. (4)
- Set a two-tiered pre-study income contribution expectation that is the same for all students in each category. One category for students living at home and another category for students living away from home. Doing so will make all students aware of exactly how much they are expected to save while ensuring that increased earnings will not devalue their student assistance package. (4)

d. Scholarship and Bursary Assessment

Students are allowed to collect up to \$1,800 in scholarships and bursaries over a 32 week study period, at which point any additional awards are considered as a part of their resource assessment. Many students apply for scholarships and bursaries to fulfill an unmet need, and in receipt of modest sized scholarships their student assistance funding is scaled back.

SOLUTION

The Government of Nova Scotia must:

- Increase the cap on allowable income from scholarship and bursaries. (4)

Concluding comments on resource assessment

ANSSA believes that NSSAP needs to remain a needs-based program, and not a merit-based program, as some participants in the recent public consultations have suggested. However, when students have demonstrated ambition and determination to raise their quality of living – either through seeking additional employment, obtaining a higher-paying job, working longer hours, or qualifying for scholarships or bursaries – we feel that it should not disqualify the student from continuing to receive their current value of loan.

It is worth noting that if a student chooses not to seek income through the means noted above, but instead through additional debt from either family loans, credit cards, bank loans or lines of credit, this debt-sourced income is not recognized by the program. In effect, the current program has a hidden incentive to accumulate more high interest debt rather than choose to earn more income.

Lastly, it is important to note that these recommendations and the programs unavoidable inflexibility in assessment may result in students receiving assistance they do not necessarily require. Currently, there is no option for students to declare their wish to receive a lesser amount in funding if they feel their need has been overestimated.

SOLUTION

To make NSSAP more responsive to students' financial needs, the Government of Nova Scotia must:

- Review the aforementioned criteria on income assessment with the intent to create a program that errs on the side of generosity (4).

PROBLEM

3. The NSSAP and CSLP application processes are too complex, difficult to understand and communicate to current and potential participants

A recent survey conducted by ANSSA and student groups across Canada demonstrated a great number of misunderstandings of student assistance programs in Canada¹⁸. Some of the major findings included the following:

- Most students were poorly informed about the details of government financial aid supports, with over 54% of upper-year loan recipients failing a simple financial aid literacy test.
- A large number of students were unaware of the aid that might be available to them.
- Many students did not know the basic details of repayment requirements.

¹⁸ Kramer, M., Rogers, J., & Kaznowska, E. (2010). *The Illiteracy of the Literate: The Lack of Financial Aid Knowledge among Canadian University Students*. Ottawa: Canadian Alliance of Student Associations.

Public servants working for student assistance programs across the country have no easy job in communicating the complexity of current programs to potential participants. In the midst of applying to post-secondary institutions, making arrangements for the major academic and social transition to post-secondary living, and keeping up with those demands once in school, the complex requirements of student assistance programs like NSSAP get lost in the shuffle. This patchwork of policies is a staircase of afterthoughts to a once-straightforward program, now complicating the climb to post-secondary studies.

A student applying for assistance in Nova Scotia, as elsewhere in Canada, must continually re-apply to student assistance each year, as well as submit pre-study reports declaring income and other information. Presumably, these policies were brought in to ensure assistance funding was delivered to those who need it most, and keep those who should not be receiving assistance out of the program. Now, it appears that the complexity of these policies is just as much a challenge for students applying for the program as it is a challenge for staff charged with implementing the policies.

SOLUTION

In concert with the recommendations provided under item 2, which simplify the income assessment process, the Government of Nova Scotia must:

- Work with CSLP, the Council of Ministers of Education and provincial student loans providers to simplify the student loans application process wherever possible.
- Introduce a one-time-mandatory assessment per program for dependant students.
- Offer a simplified but accurate student loan calculator accessible to all visitors to NSSAP website and used to help students considering applying for loans determine their loan eligibility before formally applying.
- Reassess the current application with the intent of simplifying questions asked.

PROBLEM

4. The government has no comprehensive means of addressing the non-financial barriers to education in Nova Scotia

Nova Scotia does not have any province-wide programs that address the interacting social barriers and variables that affect whether or not a student will pursue post-secondary education¹⁹. Aside from the financial challenges of attending university, we know that academic ability, parental education levels, and family income levels all play a role in influencing a young adult's decision of whether or not to attend post-secondary education. In addition to students from low-income backgrounds, low-education backgrounds, and students struggling with academic expectations in elementary and secondary school, Aboriginal Nova Scotian and African Nova Scotian students have traditionally been poorly served by the

¹⁹ Berger, Joseph., Motte, Anne., and Parkin, Andrew (Eds) (2009). *The Price of Knowledge: Access and Student Finance in Canada* Montreal, QC: The Canadian Millennium Scholarship Foundation.

public education system in our province and subsequently underrepresented in our post-secondary education system.

Data from the 2006 census indicate that 35 per cent of the Canadian Aboriginal population has post-secondary credentials, compared to more than half of the non-Aboriginal Canadian population. Of those with post-secondary credentials, three quarters (74.3%) of Aboriginal Canadians were graduates of non-university programs, compared to almost half (45.1%) of the non-Aboriginal Canadian population with post secondary credentials who held a university degree or diploma. Based on their research, Malatest *et al.* note that there are significant barriers that are widespread faced by Aboriginal people in accessing post-secondary education. Inadequate financial resources, weaknesses in academic preparation, lack of self-confidence and motivation, an absence of role models with post-secondary experience in addition to a lack of institutional understanding of Aboriginal cultures at institutions and systemic racism and exclusion from educational communities²⁰. It is clear that financial assistance is part of the solution, but money alone won't increase participation rates of Aboriginal youth in post-secondary education.

African Nova Scotians face similar struggles as the Aboriginal population in Nova Scotia – challenges in the education system stemming from a history of marginalization. While measures of post-secondary student success in African Nova Scotians are hard to pin down, all signs suggest that participation rates are lower than in the general population. 15 per cent of African Nova Scotian males, for instance, have less than a grade nine education, compared to 11 per cent in the general population. The Education Minister recently accepted a series of recommendations to improve learning opportunities and supports for African Nova Scotian students in public schools²¹, which will no doubt improve student success at all levels of education.

Community programs like Pathways to Education (PTE) project have played a major role in addressing many of the non-financial barriers facing students from traditionally underrepresented demographic groups. PTE recently launched a pilot project in the community of Spryfield in the Halifax Regional Municipality. PTE addresses a multitude of barriers to success in secondary education and persistence through post-secondary education. The program provides supports to students enrolled in the program in four areas: academic tutoring, social mentoring and group activities, financial scholarships should they choose to pursue post-secondary education, and advocacy support for students and their families. PTE intervenes in students' lives while they are in Grade 9 and is based on the early-outreach philosophy that reaching students earlier can have a significantly greater effect than later in their secondary studies.

The PTE program has an impressive record²². In 2002 the program was initiated in Regent Park, Toronto, where the dropout rate was 56 per cent. Now the dropout rate is below 13 per cent, the program has served 462 youth and 80 per cent of high school graduates from Regent Park have now gone on to pursue

²⁰ R.A. Malatest & Associates Ltd. and Dr. Blair Stonechild. (2008, June). Factors Affecting the Use of Student Financial Assistance by First Nations Youth. The Canadian Millennium Scholarship Foundation. Montreal, Quebec.

²¹ Department of Education (2010). African Nova Scotian students benefit from improved opportunities. Retrieved on October 20, 2010 from <http://www.gov.ns.ca/news/details.asp?id=20101018008>

²² Pathways Spryfield (2010). "Why pathways?" Retrieved on November 20, 2010 from <http://pathwaysspryfield.ca/why>.

post-secondary education, most of whom are the first in their family to do so. The Regent Park story is being repeated in other communities where the PTE program has been introduced.

The PTE model has proven to be successful. Programs like PTE are not currently available throughout the province of Nova Scotia, but several other communities would be better served if funding for these programs were made available. The PTE model depends on community members and community organizations providing advocacy and support for the program before the national not-for-profit will consider their application.

Programs like PTE are surely needed in communities throughout Nova Scotia where graduation rates and transition rates to post-secondary education are low. The program can be used as a feeder for universities, and as experience has shown in Halifax, universities are eager to partner with programs like PTE to assist underrepresented populations to access their programs.

SOLUTION

The Government of Nova Scotia must:

- Create an early outreach strategy for the province that identifies high-need communities and provides funding for programs like Pathways to Education that address both the non-financial and financial barriers to education. (5, 7, 8)

PROBLEM

5. Nova Scotia does not have sensible graduate retention policy

There is a plethora of research outlining the value of a more educated and engaged citizenry. Nova Scotia will never realize this value if we cannot keep our educated citizens, or attract educated citizens from elsewhere. We need a sensible, research-informed retention policy that encourages and attracts young, educated individuals to stay in Nova Scotia.

The Government of Nova Scotia can make the best of current and future investments of education by providing opportunities for educated citizens to be employed and to continue living in Nova Scotia. The only major initiative currently targeted at retaining new graduates is the Graduate Retention Rebate which provides university graduates with \$2,500 annually for up to six years, deductible from taxes payable, for up to \$15,000 (and a lesser amount for college graduates). Unfortunately, this funding rewards students at the wrong end of a degree that too many cannot afford to begin with. Students also must be earning enough money following graduation to qualify for the full tax credit. The National Graduates Survey (NGS) indicates that Manitoba and New Brunswick have seen no changes in retention rates of graduates despite these governments' collective spending of roughly \$100 million on retention-motivated tax credits. As Alex Usher states, these two provinces have spent \$100 million "in funding that

is doing exactly nothing other than providing windfall gains to people doing exactly what they were going to do anyways²³.”

If the government is serious about retaining young people, we need to create retention policy informed by young Nova Scotians and potential young Nova Scotians. The Nova Scotia government needs to develop a retention plan that rests on more than just a single policy tool. For example, the Government of Newfoundland and Labrador launched a 41-point Youth Retention and Attraction Strategy in November of 2009²⁴. The strategy was developed with a 19-member youth advisory panel, engaged stakeholders including students, businesses and expatriate youth. The result: a plan that has been well received by the public, and is being supported by the local student federation. Future retention strategies in Nova Scotia must be based on evidence-based research and should involve collaboration with the youth such strategies would seek to retain. Effective graduate retention will ensure that the benefits wrought by investments in education remain in Nova Scotia.

The results of the Canadian Student Survey show that Canadian students with high debt are 20% more likely to leave their province of study following graduation²⁵. Additionally, the survey also indicates that students studying in Nova Scotia, New Brunswick and Prince Edward Island are also the least likely to remain in their province of study following graduation. This is attributed to the larger-than-average debt-loads encountered by students in the Maritime Provinces.

For simplicity’s sake, we consider here two important aspects to retention policy: the push and the pull. The “push” variables are those that cause people to leave a geographical area. High debt-loads are proven examples of a ‘push’ variable in Nova Scotia and in our neighbouring provinces. The “pull” variables are what attract individuals to a geographical area. “Pull” variables might include jobs, family, and like-minded or open-minded individuals as Richard Florida has suggested²⁶.

Here we limit our recommendations solely to mitigating the “push” variables insofar as they relate to the student assistance program and the Graduate Retention Rebate and the effect that changing both tools could have on reducing the burden of debt.

²³ Usher, A. (2009). *Damn the facts! Just declare victory*. EPI Commentary—Friday September 4, 2009. Retrieved from <<http://educationalpolicy.org/pub/epitoday/Commentary/090904.html>>

²⁴ Department of Human Resources, Labour and Employment (2009). *Creating a Province of Choice: A youth retention and attraction strategy for Newfoundland and Labrador*. Retrieved on 6 Nov 2009 from <<http://www.lmiworks.nl.ca/yrras/>>.

²⁵ Canadian Student Survey (2010). *Next Steps: Upper year Canadian PSE students’ future plans and debt*. Retrieved from <http://anssa.ca/files/CSS%20-%20Report%202.pdf>

²⁶ Florida, R. (2002). *The rise of the creative class: and how it’s transforming work, leisure, community and everyday life*. Basic Books: New York.

SOLUTION

The Government of Nova Scotia must:

- Redirect funding from the Graduate Retention Rebate into up-front grants that can be used to administer a debt cap as described above. (3)
- Eliminate interest on student loans. (3)
- Extend the “grace period” in which no payments are required and no interest accrues on Nova Scotia student loans to at least one year following graduation. (3)

PROBLEM

6. Some NSSAP policies just don't make any sense

This section discusses seemingly simple policies of NSSAP that have a significant impact on students partaking in the program. There are no overarching themes aside from the nonsensical nature of the noted policies.

a. The 3-D Rule and the duration of study rule

In 2003 the department initiated a policy, informally referred to as the 3-D rule, which limits the number of programs for which an individual could qualify for student assistance. A student may receive funding for up to two degrees and one diploma or two diplomas and one degree. For example, if a student wished to enroll in three one-year diploma courses at a community college, they would be ineligible for funding for the third diploma, even though the three programs combined require less money and time combined than a four-year undergraduate degree.

Another policy which often affects a student's ability to continue receiving funding is the duration of study rule. This rule limits a student's eligibility for funding to the duration of their program (in years) plus a year. If a student, for instance, changes programs or schools partway through their degree or diploma, requiring them to complete more than a year's worth of make-up courses to meet the new program's requirements, they become ineligible for funding in the years beyond the limit.

The intent behind these policies is unclear, but one must assume that it is both a means of protecting the student borrower and the government lender. Neither of these policies are easy to understand or communicate. Furthermore, these policies have caused much confusion for students who have been forced to appeal their eligibility status, and likely confused many more students who did not appeal their eligibility.

SOLUTION

The Government of Nova Scotia must:

- Replace both policies with an easy to communicate time-based limit of 8 years, which would still be appealable if unique circumstances justified further funding.

b. Loan payments required during part-time studies

If a full time student on student assistance decides to reduce their course load and enroll in part-time studies for either part or the remainder of their degree, interest begins accruing on the principal loaned six months after this decision is made and payments are required to be made on the loan. Despite the fact that CSLP offers interest-free loans to students pursuing part-time studies, NSSAP requirements are out-of-sync with both CSLP policies and the needs of students.

One common reason for a student to reduce their course load to part-time status would be to limit their debt-burden at graduation by working increased hours during school. Other students may be reducing their course load to fulfill family obligations or gain practical employment experience. In any case, we see no logic in requiring loan payments from a student who has decided to continue their studies through part-time coursework.

SOLUTION

The Government of Nova Scotia must:

- Allow students who have decided to study part-time to do so without interest accruing on their student loans, or being required to make payments on their student loan until the end of the post-graduation grace period.

c. *Students lack financial literacy skills*

For many students on student assistance, the loan-grant package they receive in the first year of their studies represents the largest single amount of money they have ever been responsible for. To paraphrase one student participant at the student assistance review public participation sessions:

“My friends and I all come from low-income backgrounds. Most of us qualify for the maximum amount of student loans. None of us have ever had responsibility for any large sum of money, so when we get thousands of dollars from NSSAP at the beginning of September, well, of course it’s all gone by Halloween”.

Unfortunately, this story is not unique. Students who are receiving student assistance are bombarded with applications for high-interest credit cards, and when money is mismanaged, student lines of credit and credit card debt are the most obvious avenues to pursue when there are no other options.

As noted earlier, the Canadian Student Survey demonstrated that students are largely uninformed around the offerings and requirements of student financial aid programs like NSSAP. Nova Scotia has recently removed Career and Life Management, a course with a financial literacy component, from the provincial high school graduation requirements²⁷. Students are and will continue to be unprepared to manage finances once they arrive at post-secondary education.

Students with strong financial literacy skills will not only be a safer investment for the student assistance program, but also will be better contributors to the local economies. One need only look to the recent credit-crisis in the United States to recognize the importance of a financially literate populace.

SOLUTION

The Government of Nova Scotia must:

- Introduce mandatory financial literacy training for student assistance recipients delivered in a dynamic and applicable manner by trained financial planning professionals. Such training should cover not only the requirements and offerings of NSSAP and CSLP but also the skills and habits necessary to manage other sources of income and debt throughout and beyond post-secondary studies. (5,7,8)

d. The appeals mechanisms is ineffective

Students who are dissatisfied with the amount of loan they receive from the student assistance office are able to appeal their loan. Applicants must first appeal to the Lower Appeal Board (LAB), a staff-board of representatives from NSSAP. If dissatisfied with the LAB decision, the student may then appeal through the Higher Appeal Board (HAB), a board of five community members including a student representative²⁸. The LAB is limited to working within the existing program policies when hearing a student's appeal, with the authority to administer a \$3,300 discretionary amount of repayable assistance to the student's loan. The HAB has no overarching policies to which it must adhere or specific guidelines that dictate what types of accommodations can be made to students appealing to the program. It is unclear what limitations exist on the authority of the HAB when authorizing grants and loans to students.

The current appeals process is too intimidating and time consuming. Furthermore, it treats the student as 'guilty' and putting them on the stand with the requirement to share their personal struggles with a room full of strangers. The appeal process is too often patriarchal and not at all empowering.

²⁷ Department of Education (2010). Credits/Graduation. Retrieved on November 20, 2010 from http://csp.ednet.ns.ca/credits_graduation.shtml.

²⁸ One of the authors of this report, Mark Coffin, is currently the student representative on the Higher Appeal Board.

SOLUTION

The Government of Nova Scotia must:

- Develop a decentralized appeals mechanism that provides an on-campus appeals opportunity so that students do not have to phone or travel into Halifax.
- Design an appeals mechanism which lowers potential intimidation felt by the student..
- Appoint an appeals officer or student assistance representative from the student assistance office at each university who is familiar with both NSSAP and CSLP.
- Retain the Higher Appeal Board to review and approve the recommendations of the appeals officer.

e. The student loans programs isn't suited to the needs of mature students

NSSAP and CSLP offer programs that are designed primarily for young people. If an applicant has developed a lifestyle typical of most adult citizens, the program essentially expects them to liquidate many of their resources, shift their lifestyle to mirror that typical of a twenty-something and live below the poverty line for the course of their studies. The student loans program is very ineffective for individuals with mortgages, car payments, dependants, and the myriad of financial obligations common to mature students.

Our economy is rapidly transforming from a resource-based economy to a knowledge-based economy. The government needs to provide the assistance required for its citizens to transition with the economy. NSSAP , as it currently exists, fails to serve individuals who have made the decision later in life to make this transition through further training and skills upgrades, but do not have the immediate monetary resources to finance that decision.

SOLUTION

The Government of Nova Scotia must:

- Create an alternate stream in the student loans programs for the assessment of the mature students' needs that acknowledges additional financial responsibilities not common to younger NSSAP participants.

f. Over-awards

As noted earlier, over-awards are deducted from a student's assistance package when their income from the previous year exceeds that which they had originally expected either for pre-study or in-study earnings. Many students are likely unaware of the effect of earning more than expected due to the complex nature of the program and previously noted difficulty in communicating NSSAP and CSLP policies.

Because a student is not made aware of the effect of over-awards until the subsequent year's assessment, the student is likely unprepared for the financial changes which come a year later due to the reduced loan value and their lack of awareness of program practices.

SOLUTION

The Government of Nova Scotia must:

- Implement a “first-time warning” policy where a student is made aware of over-awards and their effect the first time they occur, but do not deduct them from the student's assistance package unless it continues to occur in subsequent years. (8)

g. Private Career College graduates have abysmal repayment rates

Private Career Colleges are under minimal regulation by the provincial government. Tuition and other fees are unregulated for these institutions. There are minimal, if any, admissions pre-requisites, and there are few accreditation or designation mechanisms required to ensure a quality education for students enrolled. This is important for the discussion around student assistance programs for two reasons. First, the average value of student loans dispersed to students of Private Career Colleges is significantly higher than that of students in university or community colleges²⁹. Second, the repayment rate for loans given to students in private career colleges was less than 50 per cent in 2009, with some colleges registering repayment rates as low as 1.9 per cent³⁰. However, it may be the case of “a few bad apples” as some private career colleges boast of student loan repayment rates that rival those of universities and community colleges.

SOLUTION

The Government of Nova Scotia must:

- Investigate and review the role and regulations around private career colleges with an focus on quality of education, admission requirements, program accreditation and designation standards, fee regulation, employability after graduation, incidence of student debt and student loan repayment rates.

²⁹ NSSAP (2010).

³⁰ CanLearn (2009). Canada Student Loan Repayment Rates. Retrieved on November 20, 2010 from <http://tools.canlearn.ca/csigs-scpse/cln-cln/40/rtr-rri/af.rri-eng.do>.

CONCLUSION

ANSSA has presented a series of solutions that will improve student assistance and access to post-secondary education in Nova Scotia. These recommendations should be taken in consideration with university funding negotiations that are currently underway. Our organization believes that the key to creating an accessible and affordable education system is through harmonizing tuition policy with student assistance policy. We cannot discuss one without addressing the other. Alongside the reforms suggested here we recommend a continuation of the tuition freeze and tuition reduction bursaries program that was introduced in 2008.