

GOVERNMENT RESPONSE TO THE SIXTH REPORT OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS, ENTITLED: STUDENT FINANCIAL ASSISTANCE

Recommendation 1: Employment and Social Development Canada (ESDC) should provide the House of Commons Standing Committee on Public Accounts with a report outlining its progress on ensuring the proper, systematic verification of applications to participate in the Repayment Assistance Plan. A final report should also be provided.

ESDC recognizes the importance of ensuring proper, systematic verification of applications from borrowers seeking the Repayment Assistance Plan (RAP) benefits. The RAP is a benefit provided by the Government of Canada (Government) that was approved by Parliament to support borrowers who experience difficulty in repaying their student loans. The Department is collaborating with the Canada Revenue Agency (CRA) to establish an information exchange that will be documented in a Memorandum of Understanding (MOU). With the RAP applicants' consent (and where applicable, the consent of their spouse/common-law partner), the National Student Loan Service Centre (NSLSC) will have the authority to verify information provided by RAP applicants against their most recent CRA income tax data, including family income, family size and marital status, all of which have an impact on the amount of the benefit received under RAP.

As such, as requested by the Committee, ESDC will be prepared to provide a final report by April 30, 2022, detailing how these actions have progressed and to what extent they have helped ensure a proper, systematic verification of applications to participate in the RAP.

Recommendation 2: ESDC should provide the Committee with a report outlining its progress on the development of a new performance indicator that takes into account the full impact of the Repayment Assistance Plan on the non-repayment of student loans.

The Department recognizes the importance of developing robust indicators for program reporting. ESDC reports to Parliament on all program expenses, which include write-offs (resulting mostly from student loan default) and the spending on the Repayment Assistance Plan (RAP), through Public Accounts. This information, in more detail, is also included in the Canada Student Loans Program's (CSLP) Annual Report.

In Fall 2020, the Department began consultation with the Office of the Chief Actuary to develop an indicator that will take into account the non-repayment of student loans due to forgiveness under the RAP. The new RAP indicator will be published in the CSLP Annual Report which is tabled in Parliament every year.

Recommendation 3: ESDC should provide the Committee with a report outlining its progress on informing credit bureaus about student debts in default. A final report should be also be provided.

ESDC recognizes the importance of prompting borrowers who are able to repay loans to be more diligent about repayment. Through the NSLSC, loans are reported to credit bureaus on a monthly basis and remain on the borrower's credit record for approximately six years. However, should a borrower default on their loan payments, their loan is transferred to the CRA for collections, and no further credit bureau reporting is done. ESDC is replacing the existing accounts receivable system with a new Public Sector Collection and Disbursement (PSCD) system that will have enhanced accounts receivable and collection functionality allowing the Department to implement a process to report student loans in collections to credit bureaus. The implementation of the new system is scheduled for April 2021.

ESDC will be prepared to provide an interim progress report and a final report to the committee by December 31, 2021, and January 31, 2023, respectively, to provide further progress updates on how ESDC is informing credit bureaus about student debts in default.

Recommendation 4: ESDC should provide the Committee with a report outlining its progress on A) making all the financial information needed by loan recipients in the Canada Student Loans Program available on the web portal of the National Student Loans Service Centre; and B) consulting with stakeholders about the costs and benefits of mandatory training for student loan applicants before loans are provided and for student loan recipients who abandon or complete their studies.

ESDC recognizes the importance of ensuring that borrowers have easily accessible and comprehensive information about their student loans. To advance this priority, and as part of CSLP Service Delivery Transformation, ESDC has already taken steps to improve the quality of financial information available to loan recipients on the web portal of the NSLSC. CSLP established an overall financial literacy plan in 2019. This was done in collaboration with the Financial Consumer Agency of Canada (FCAC), as part of CSLP's transformation to an electronic service delivery model.

CSLP and FCAC have been working closely to incorporate new communications to students and relevant links to promote financial literacy on the NSLSC website. For example, in November 2019, a virtual repayment counsellor was launched to provide borrowers with support in managing their loans. Additionally, a new financial literacy webpage entitled *Managing Your Money* was launched in March 2020 with tools and links to help students determine education funding options, budgeting, and other financial information. These improvements will help to ensure financial information is readily available in this centralized portal, and are also available to borrowers through means other than electronic, including means that take into account accessibility.

In October 2020, a number of additional updates were added, including displaying important financial loan information on borrowers' online accounts, as well as introducing the ability to download loan statements instead of receiving an annual paper copy.

The most recent enhancements were launched in January 2021, which allows for sending key communications to borrowers during the six-month non-repayment period following the end of their studies. Borrowers will now receive emails to encourage them to get an early start on managing their finances and will receive information about financial tools and credit basics. They will also be able to access information on common inquiries related to student loan payments, interest rates, modes of payments, and other financial information.

Further enhancements will take place later in 2021, including the release of additional informational videos on the NSLSC YouTube channel, which will be linked in the web portal, live chat, and improvements to the "Customize My Payment Terms" page. With these modifications, ESDC is working to ensure that all the financial information needed by loan recipients is available on NSLSC.

Secondly, ESDC has begun consulting with stakeholders to better understand the perspectives of stakeholders on mandatory training modules for students before they receive a student loan and before they leave their studies.

In February 2021, ESDC brought together key stakeholders, including student stakeholders and advisory groups, provinces and territories and the FCAC to discuss the importance of financial literacy and how best to provide information to borrowers. One of the key outcomes of the meeting was the strong support to explore innovative approaches for a client centered approach to financial literacy information modules. Moreover, student advisory groups and provinces and territories expressed interest in working together on the financial literacy and raising awareness of student financial assistance.

This work will also include a comprehensive assessment of the costs and benefits of implementing a mandatory training module.

Recommendation 5: ESDC should consider implementing a practice of providing all student loan borrowers, including those who have not yet completed their studies, with an annual statement that includes the total amount owed; its due date; a reminder of the availability of the Repayment Assistance Plan; and the financial literacy resources available through the web portal of the National Student Loans Service Centre.

ESDC recognizes the importance of providing all student loan borrowers with the financial information, requirements, and resources that they need when receiving and repaying student loans. This information is provided to borrowers through annual statements and is already available to borrowers through the NSLSC student web portal. It is also available to borrowers through means other than electronic, including means that take into account accessibility.

The Department has implemented communication enhancements over the past several years. An annual statement is sent to all borrowers, irrespective of whether they are still in their studies or are in repayment, that provides a direct link to the NSLSC Student Hub, where students can access their annual statement as well as a summary and detailed loan information. For borrowers that have finished their studies, they are able to see their next payment date and amount, interest accrued to date, and the estimated remaining term of their loan(s). The annual statement and loan details can also be viewed by the borrower at any time during their loan lifecycle.

As part of the annual statement communication, borrowers are provided with a direct link to NSLSC YouTube videos that provide them with advice and the financial literacy resources available to them at different stages of their loan lifecycle, including the virtual repayment counsellor, and the ability to access budgeting tips and tools. The NSLSC YouTube Channel was launched in fall of 2020.

Furthermore, since January 2017, all borrowers, whether in-study or in-repayment, receive information as part of the annual Repayment Assistance Awareness Campaign. The current communication provides borrowers with the repayment options available to them, including the RAP, and a link to the NSLSC website where they can find more information on or apply for repayment assistance if needed. Recently, communications have also been distributed through additional channels, including YouTube and Twitter. A notice of repayment directing borrowers to the details of their loan(s) is also issued to all borrowers when their loan is nearing repayment. These measures demonstrate ESDC's commitment to providing all student loan borrowers—including those who have not yet completed their studies—with the information they need, such as loan amounts and dates, RAP availability as well as financial literacy resources. ESDC will continue to look for ways to improve how it communicates essential information to borrowers in real time via the NSLSC Student Hub and website, and through regular direct notifications and awareness campaigns.

Recommendation 6: ESDC should provide the Committee with a report outlining its progress on undertaking a thorough evaluation of both of the federal student financial assistance programs including A) further assessing the reasons for student loan non-repayment in order to develop appropriate solutions; B) evaluating the impact of the Canada Education Savings Program on participation in and completion of post-secondary education and on the Canada Student Loans Program; and C) better understanding the reasons for low participation in the Canada Education Savings Program. An interim progress report and a final report should also be provided.

ESDC recognizes the value in further assessing the reasons for student loan non-repayment so that the Department can develop appropriate solutions that meet the needs of borrowers. The ESDC Departmental Evaluation Plan includes an evaluation of the CSLP to be completed by 2024. The planning of this evaluation is underway, and will focus on repayment of Canada Student Loans. This will provide a more robust assessment of the factors that influence student loan non-repayment, including for students who may face additional barriers such as students

with disabilities or students who are Black, Indigenous or from racialized groups, allowing the Department to explore data-driven solutions.

ESDC agrees that there is a need to better understand the reasons for low participation in the CESP. An evaluation of the program is currently underway and includes an in-depth examination of the factors that may influence participation in the program. This evaluation focuses on access to RESPs and the Canada Learning Bond among families with lower incomes. Statistics Canada research suggests that low-income families are the population with low participation in the program, and that participation rises with family income and net worth. The evaluation is expected to be completed in the 2021-2022 fiscal year.

In addition, ESDC recognizes the value of evaluating the impacts of the CESP on participation in, and completion of, post-secondary education, including for groups that may face additional barriers such as students with disabilities or students who are Black, Indigenous or from racialized groups. In March 2020, ESDC initiated planning for an evaluation of the impacts of the CESP, and its interactions with the CSLP to respond to the Office of the Auditor General (OAG) recommendations. This evaluation is expected to be completed by Spring 2023.

ESDC will be prepared to provide an interim progress report by December 31, 2021. While ESDC will be prepared to further report on the progress in 2022, it should be noted that the evaluation of all three components mentioned above will not be complete until 2024.