

# Financial Access, Affordability & Student Debt

## FIVE FAST FACTS

1. In 2012, Nova Scotians received an estimated \$291 million in student financial assistance from the federal (\$194m) and provincial (\$97m) governments.
2. A typical four-year undergraduate student may receive up to \$13,260 in federal/provincial assistance, including \$2,448 in non-repayable grants. Additional need-based grants are available to students with larger financial barriers.
3. Pre-study education savings programs and post-study educational tax credits provide the largest benefits to high-income Nova Scotians.
4. Student debt levels for Nova Scotia university graduates are currently decreasing. In 2010, the average graduate held \$30,200 in debt – which was almost \$2,500 lower than in 2005 (in 2010 dollars).
5. Enrolment of Nova Scotians in university has decreased by 17% since 1992, while NSCC enrolment has increased 67%.

## STUDENT FINANCIAL ASSISTANCE

In Canada, student financial assistance (SFA) programs are the primary instruments used by government to reduce financial barriers to PSE access. The federal and provincial governments combine to deliver multiple SFA programs at different intervention points in a student's educational journey.<sup>1</sup>

### Pre-Study SFA

The federal government's Canada Education Savings Program (CESP) is meant to incentivize families to begin saving early for the PSE of their children.<sup>2</sup> The CESP has three components:

1. The Basic CES Grant provides a 20% supplement to any Registered Education Savings Plan (RESP) contributions made each year, to a \$500 maximum.
2. The Additional CES Grant further supplements the Basic CESP for low-income (LI) and middle-income (MI) families. LI families (under \$43k) receive an additional 20% on the first \$500 in annual RESP contributions while MI families (approx. \$43-84k) receive an additional 10%.
3. The Canada Learning Bond (CLB) provides a \$500 grant to LI families in the first year and \$100 in up to 15 subsequent years (for families remaining in the LI category).

In 2012, 39% of eligible Nova Scotians received CES Grants while only 19% of CLB-eligible individuals received these income-targeted benefits. Overall, only 1/3 of all CESP recipients were from LI or MI families, indicating that most of the \$14 million in benefits are concentrated in Nova Scotian families with relatively high incomes.

## In-Study SFA

**Table 1. Federal Student Financial Assistance**

CSG Low-Income	\$250/month or \$2,000/yr
CSG Middle Income	\$100/month or \$800/yr
CSG for Students with Dependents	\$200/month or \$1,600/yr (children under 12)
CSG Permanent Disabilities	Max. value of \$2,000/yr
CSG Services & Equipment for Permanent Disabilities	Max. value of \$8,000/yr; separate application to confirm need for goods and/or services.
CSG Part-Time Studies	\$1,200/yr for students from LI families.
CSG Part-time w/ Dependents	\$40/study week for 1-2 children; \$60/wk for 3+ children (under 12).
Canada Student Loan	Maximum assistance is \$210/wk or \$7,140/yr

**Table 2. Provincial Student Financial Assistance**

NS Student Loan and Grant	Up to \$180/ study wk or \$6,120/yr; 40% non-repayable grant (max. \$2,448) and 60% loan (\$3,672).
NS Dependent Grant	High-need student (>\$275/wk) with children; max. grant \$20/wk or \$680/yr
NS Supplemental Loan	Max. supplement is \$140/wk or \$4,760/yr; for Medicine, Law, and Dentistry students.
NS Disability Access Grant	University max. \$2,000/yr; NSCC/PCC max. \$1,000/yr.
NS Disability Goods & Services Grant	Separate application to Post-Secondary Disability Services Office.

The federal and provincial governments both offer student loan and grant programs to provide direct assistance to current students (see Tables 1 and 2). Both programs are "need-based" – they expect financial contributions from

the student and/or family and do not guarantee to cover all of a students' anticipated costs.<sup>3</sup>

Based on calculated need, the typical four-year undergraduate can borrow up to a maximum of \$10,812 in federal/provincial loans plus an additional \$2,448 in non-repayable provincial grants. Depending on circumstances, a student may also be eligible for other non-repayable grants and/or a loan supplement.

### Post-Study SFA

There are a number of post-graduate programs designed to help students manage repayment of their debt. The programs available to Nova Scotians have improved dramatically since 2008, when the federal/provincial Repayment Assistance Program was reformed and the Province reduced its student loan interest rate by 2% through a switch to direct lending.<sup>4</sup>

The Debt Cap program was introduced by the Province in 2011/12. For undergraduate students graduating in four years, the program eliminates 100% of provincial loan debt, leaving a maximum of \$28,560 to repay (the federal four-year loan maximum). For a student beginning university in 2014, the debt cap is worth up to \$3,672/year or \$14,688 over a four year degree.

The Federal and Provincial Governments both offer education tax credit (ETC) benefits to help offset the costs of attending postsecondary education. Prior to cancellation of the \$50 million Graduate Retention Rebate (GRR), Nova Scotians received \$114 million per year in benefits. In 2012, 75% of all ETC benefits were paid to Nova Scotians with annual incomes in excess of \$25,000. Thus, most such benefits do not accrue to active students, but to recent graduates or higher earning family members through transfers.

### STUDENT DEBT LEVELS

In 2005, Nova Scotia had a reputation for the least generous student assistance program in Canada and, by extension, the highest levels of university graduate debt of any Province. By 2010, the average graduate's debt decreased by \$2,500 (in 2010 dollars) and New Brunswick had surpassed Nova Scotia as the Province with the highest provincial average (see Table 3).<sup>5</sup>

Graduating Year	Nova Scotia Avg Debt	Canada Avg Debt
2000	\$21,800	\$23,800
2005	\$32,700	\$21,300
2010	\$30,200	\$22,300

Nova Scotia's improved standing can be partially explained by a tuition reduction in 2006; introduction and expansion of tuition bursaries beginning in 2008; and a three-year tuition freeze also beginning in 2008 (see StudentsNS' Tuition

factsheet for more details).

The Nova Scotia government has also introduced a number of debt reducing SFA improvements since 2008, including:

- The Debt Cap program described above;
- The incremental conversion of provincial student loans to grants – starting with 20% of provincial SFA in 2008/09 and rising to 40% by 2013/14;
- And an increase of the in-study employment earnings limit from \$50 to \$100 per week.

Given the timing of many of these changes, it is likely that average student debt has fallen further since the 2010 graduation year. Unfortunately, individual student-level data are not available to confirm this.

### IMPROVED ACCESSIBILITY?

Nova Scotia's total post-secondary population has expanded by almost 30% since 1992, which might suggest improved access to PSE. In reality, however, total enrolment of Nova Scotians in PSE has hardly changed since that time (see Table 4).<sup>6</sup>

Institution	% Change	# of students
NS-University	-17%	-4,833
NS-NSCC	67%	4,492
Total	-1%	-341

Thus, despite significant investments in SFA, overall access to PSE in Nova Scotia, as measured by raw enrolment, is essentially the same as it was 20 years earlier.

This confirms that promoting access to PSE in Nova Scotia involves more than financial matters. For example, there are a number of social groups – Aboriginal and African Nova Scotians, first generation students, young males, low skill and retraining mature students – that are underrepresented in the PSE system due to a combination of unique and shared barriers.

<sup>1</sup>StudentsNS, 2013.

<sup>2</sup>Government of Canada, 2013a; 2013b.

<sup>3</sup>LAE, 2011; Government of Canada, 2013.

<sup>4</sup>Neill, 2013.

<sup>5</sup>National Graduates Survey, 2013.

<sup>6</sup>MPHEC, 2013; Statistics Canada, 2013-Table 477-0019.