



**2018–2019**

# **CANADA STUDENT LOANS PROGRAM**

*annual report*



Employment and  
Social Development Canada

Emploi et  
Développement social Canada

**Canada**

## **Canada Student Loans Program – Annual Report 2018–2019**

It is available upon request in multiple formats (large print, Braille, MP3, audio CD, e-text CD, DAISY, or Accessible PDF), by contacting 1 800 O-Canada (1-800-622-6232). By teletypewriter (TTY), call 1-800-926-9105.

© Her Majesty the Queen in Right of Canada, 2020

For information regarding reproduction rights:  
[droitdauteur.copyright@HRSDC-RHDCC.gc.ca](mailto:droitdauteur.copyright@HRSDC-RHDCC.gc.ca).

### **PDF**

Cat. No.: HS45-2E-PDF  
ISSN: 1927-1786

### **ESDC**

Cat. No.: LC-169-09-20E

## MESSAGE FROM THE MINISTER

The future prosperity of our country depends on Canadians getting the education and training they need to find good jobs. Yet, many still face barriers that prevent them from pursuing post-secondary studies. That is why we are taking steps to strengthen student financial assistance.

During the 2018–2019 loan year, we helped more students than ever before.

We provided more than \$1.6 billion in Canada Student Grants to more than 533,000 Canadian post-secondary students, an increase of 9% in the number of recipients, and 18% increase in value, compared to the previous year.

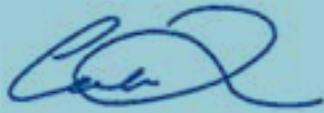
We also provided \$3.6 billion in loans to 625,000 students, and more than 330,000 borrowers received support under the Repayment Assistance Plan.

We introduced new measures that will make it easier for students to manage their loans, including lowering interest rates on Canada Student Loans and making the six-month non-repayment period interest free.

In addition, we made substantial improvements to service delivery. Students can now use the National Student Loans Service Centre's online portal on their device of choice. Through the portal, they can access information about their loan agreements, update their personal information, speak to a virtual payment counsellor and avail themselves of many other ease-of-use features.



As you will see in the 2018–2019 Annual Report, the Canada Student Loans Program plays a key role in making post-secondary education more affordable and accessible. The benefits of higher education extend beyond students to all Canadians, and through these investments in the Program, we are building a more prosperous Canada.

A handwritten signature in blue ink, appearing to read 'Carla', is positioned above the name of the Minister.

**The Honourable Carla Qualtrough, P.C., M.P.**

Minister of Employment, Workforce Development and Disability Inclusion



# TABLE OF CONTENTS

## **1** MESSAGE FROM THE MINISTER

## **4** INTRODUCTION

## **5** VISION AND MISSION

Employment and Social Development Canada	5
Canada Student Loans Program	5

## **6** PROGRAM HIGHLIGHTS AND RESULTS

A. Canada Student Grants	9
B. Canada Student Loans	13
C. Loan repayment, assistance and forgiveness	14
D. Student demographics	19

## **22** PROGRAM DELIVERY

Working with partners	22
Service modernization	23

## **25** PROGRAM PERFORMANCE MEASUREMENT

Client satisfaction	25
Portfolio performance	26
Loan rehabilitation	27
Loan write-off	27
Program integrity	28

## **29** APPENDIX A – CANADA APPRENTICE LOAN

Support for apprentices	29
-------------------------	----

## **30** APPENDIX B – FINANCIAL DATA

Consolidated report on the Canada Student Loans Program	30
Reporting entity	30
Basic of accounting	30

## **33** GLOSSARY

# INTRODUCTION

This annual report serves to inform Parliament and Canadians about student financial assistance for post-secondary education under the Canada Student Loans Program (CSLP). It provides information and data on grants, loans, repayment assistance and other program benefits during the 2018–2019 loan year (August 1, 2018, to July 31, 2019).

Further detailed information, including past reports and comprehensive Statistical Reviews of the CSLP, are available on the Government of Canada website: [Canada Student Loans Program reports](#).



# VISION AND MISSION

## Employment and Social Development Canada

The mission of Employment and Social Development Canada (ESDC), including the Labour Program and Service Canada, is to build a stronger and more inclusive Canada, to support Canadians in helping them live productive and rewarding lives and to improve Canadians' quality of life.

## Canada Student Loans Program

The Canada Student Loans Program (CSLP) provides targeted grants and needs-based loans to help students access post secondary education and offers repayment assistance to borrowers with financial difficulty.



# PROGRAM HIGHLIGHTS AND RESULTS

The Government of Canada recognizes the importance of student financial assistance for post-secondary students in achieving their educational goals and, ultimately, succeeding as contributing members of a productive workforce.

The CSLP works collaboratively with provincial and territorial governments to deliver student financial assistance to Canadian students. Quebec, Nunavut and the Northwest Territories do not participate in the CSLP but receive annual alternative payments in support of their own student financial assistance programs. Applicants in the remaining ten jurisdictions are assessed for federal and provincial grants and loans through a single application process.



In the 2018–2019 loan year, approximately 754,000 post-secondary students received financial assistance from the CSLP, in the form of grants, loans or in-study interest subsidies. CSLP provided \$1.6 billion in non-repayable Canada Student Grants (CSG) to over 533,000 students and \$3.6 billion in Canada Student Loans (CSL) to 625,000 students. In addition, the three non-participating jurisdictions received \$492.3 million in alternative payments for the 2018–2019 loan year.

**As announced in Budget 2017, the Government of Canada implemented the following program enhancements in 2018–2019:**

- Skills Boost, which introduced a three-year pilot project targeted to adult learners who wish to return to school after spending several years in the workforce that includes two measures:
  - Top-up funding of \$1,600 per school year (\$200 per month) to the Canada Student Grant for Full-Time Students for eligible adult learners who have been out of high school for at least 10 years.
  - Flexibility to assess a student’s eligibility for a Canada Student Grant based on current (instead of previous) year’s income for applicants whose financial circumstances have changed significantly.
- Expanded eligibility for Canada Student Grants and Canada Student Loans for part-time students, as well as full-time and part-time students with dependants.
  - Eligibility for Canada Student Grants for Part-Time Students (CSG-PT) was expanded by replacing the existing income thresholds, which presently vary by province and territory with a higher, single national threshold. As family income increases, the amount of grant support received will gradually decline, depending on family size.
  - The threshold for eligibility for CSLs for part-time students was increased so that even more part-time students can qualify for assistance.
  - Eligibility for CSGs for full- and part-time students with dependants was expanded by aligning the income eligibility threshold for these grants with the national, progressive eligibility thresholds for the full-time CSGs.
- Amendments to the ***Canada Student Financial Assistance Act***, so that students who are registered under the ***Indian Act*** but do not have Canadian citizenship can access the CSLP.

**Through Budget 2019, the Government of Canada is making education more accessible and affordable by:**

- lowering interest rates; specifically, the variable rate will be reduced to prime (from prime plus 2.5 percent), and the fixed rate to prime plus two percent (from prime plus five percent), effective November 1, 2019;
- eliminating interest during the grace period so that student loans will not accumulate any interest during the six-month period after a student loan borrower leaves school, effective November 1, 2019;
- expanding eligibility for the Severe Permanent Disability Benefit so that more student borrowers with severe permanent disabilities can qualify for loan forgiveness, effective August 1, 2019;
- increasing the cap on the Canada Student Grant for Services and Equipment for Students with Permanent Disabilities from \$8,000 to \$20,000 per year, to help students with permanent disabilities afford the necessary services and equipment for their studies, effective August 1, 2019;
- relaxing the requirements for loan rehabilitation so that financially vulnerable borrowers in default can access supports such as the Repayment Assistance Plan (RAP) or student aid to go back to school, effective January 1, 2020;
- making it easier for students with permanent disabilities to access further funding to return to school by removing restrictions on borrowers who have used RAP for Borrowers with a Permanent Disability (RAP-PD), effective August 1, 2020; and
- implementing interest-free and payment-free leave for a maximum of 18 months for borrowers taking temporary leave from their studies for medical or parental reasons, including mental health leave, starting in 2020–2021 pending Government approvals.

Following are the key highlights of the components of the CSLP in the 2018–2019 loan year.

## A. Canada Student Grants

---

**In 2018–2019, 533,000 students received \$1.6 billion in financial assistance they will not have to pay back; this represents an increase of 9% in the number of recipients and 18% in the value of the grants relative to the previous loan year.**

---

Canada Student Grants (CSG) provide non-repayable funding to full- and part-time students and are targeted to students from low- and middle-income families, students with permanent disabilities and those with dependants. Students are automatically assessed for CSGs when applying for student financial assistance through their province or territory of residence.

In 2018–2019, the CSLP provided the following grants to eligible students:

- **Canada Student Grant for Full-time Students:** up to \$375 per month of study;
- **Canada Student Grant for Full-Time Students with Dependants:** \$200 per month of study for each dependant under 12 years of age (or for each dependant over 12 years of age with a permanent disability);
- **Canada Student Grant for Students with Permanent Disabilities:** \$2,000 per year for full-time or part-time students with permanent disabilities;
- **Canada Student Grant for Services and Equipment for Students with Permanent Disabilities:** up to \$8,000 per year to cover exceptional education-related costs;
- **Canada Student Grant for Part-Time Students:** up to \$1,800 per loan year; and
- **Canada Student Grant for Part-Time Students with Dependants:** up to a maximum of \$1,920.

The following table provides a summary of the distribution of Canada Students Grants by type.

## Table 1

### Canada Student Grants by type

	Number of recipients <sup>1</sup>		
	2016–2017	2017–2018	2018–2019
<b>CANADA STUDENT GRANT</b>	<b>379,606</b>	<b>490,377</b>	<b>532,785</b>
Full-Time Students <sup>2</sup>	344,165	451,296	477,892
Skills Boost Top-up	N/A	N/A	64,821
Full-Time Students with Dependants	35,322	40,523	63,828
Students with Permanent Disabilities	37,263	46,432	50,543
Services and Equipment for Students with Permanent Disabilities	10,125	10,550	10,873
Part-Time Students	19,155	21,261	28,493
Part-Time Students with Dependants	332	376	2,643

	Millions of dollars		
	2016–2017	2017–2018	2018–2019
<b>CANADA STUDENT GRANT</b>	<b>1,014.6</b>	<b>1,364.9</b>	<b>1,614.1</b>
Full-Time Students <sup>2</sup>	803.6	1,118.9	1,198.5
Skills Boost Top-up	N/A	N/A	98.1
Full-Time Students with Dependants	87.7	102.6	152.0
Students with Permanent Disabilities	71.0	88.3	97.0
Services and Equipment for Students with Permanent Disabilities	23.3	22.0	23.0
Part-Time Students	28.6	32.6	43.5
Part-Time Students with Dependants	0.3	0.4	1.9

<sup>1</sup> The number of recipients do not sum to the total, as some recipients can receive multiple grants in the same year.

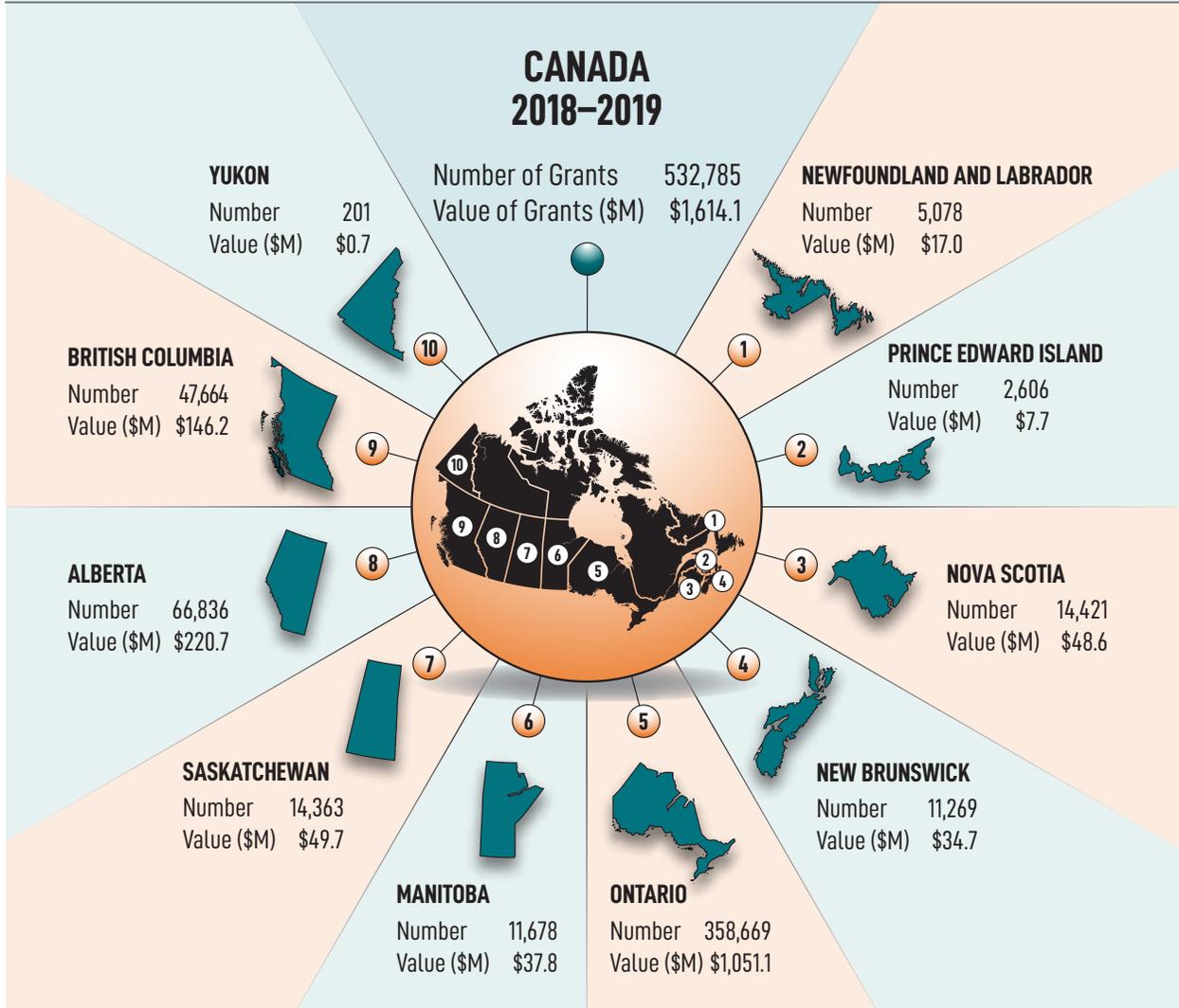
<sup>2</sup> In 2017–2018, the Canada Student Grant for Full-Time Students replaced two separate grants, the Canada Student Grant for low-income students (CSG-LI) and the Canada Student Grant for middle-income students (CSG-MI).

The number of students who received the Canada Student Grant for Full-Time Students with Dependants increased by 58% in the 2018–2019 loan year, and the value increased by 48%. The number of part-time students who received grants increased by 34% to 28,500 and the value increased by 33% to \$44 million. This is mainly from a substantial increase in the number of students who received the Canada Student Grant for Part-Time Students with Dependants (+603%) and the Canada Student Grant for Part-Time Students (+34%).

In the 2018–2019 loan year, the CSLP disbursed \$120 million in grants to 50,500 students with permanent disabilities in Canada Student Grants for Students with Permanent Disabilities and Canada Student Grants for Services and Equipment for Students with Permanent Disabilities, an increase of 9% in the number of recipients and a 9% in the value from the previous loan year.

The following diagram shows the distribution of Canada Student Grants for full- and part-time students by province or territory.

## Diagram 1



## B. Canada Student Loans

---

**In the 2018–2019 loan year, approximately 625,000 students received \$3.6 billion in Canada Student Loans; this represents an increase of 6% in the number of recipients and 7% in the value of the loans relative to the previous loan year.**

---

The Canada Student Loans Program provides eligible students grants and loans to help them pay their tuition, books, mandatory fees, living costs and transportation. Canada Student Loans are available to Canadian students with a demonstrated financial need who are enrolled in degree, diploma or certificate programs at designated post-secondary educational institutions in Canada and abroad.

Student loans are also interest-free for the entire period of studies.

The following table provides a summary of Canada Student Loans for full- and part-time students by province or territory.

## Table 2

### Canada Student Loans for full- and part-time students

	Number of recipients		
	2016–2017	2017–2018	2018–2019
<b>CANADA</b>	<b>497,064</b>	<b>592,091</b>	<b>625,135</b>
Newfoundland and Labrador	6,036	5,956	6,185
Prince Edward Island	2,626	2,565	2,558
Nova Scotia	16,687	17,261	17,701
New Brunswick	12,016	13,866	14,210
Ontario	321,090	392,484	416,939
Manitoba	10,154	9,724	13,503
Saskatchewan	12,627	14,882	16,242
Alberta	63,167	79,265	82,382
British Columbia	52,520	55,895	55,228
Yukon	141	193	187

	Millions of dollars		
	2016–2017	2017–2018	2018–2019
<b>CANADA</b>	<b>2,627.2</b>	<b>3,352.1</b>	<b>3,575.4</b>
Newfoundland and Labrador	27.9	37.1	40.1
Prince Edward Island	16.4	16.1	15.8
Nova Scotia	115.2	123.0	127.3
New Brunswick	56.2	66.9	69.2
Ontario	1,646.3	2,141.9	2,301.5
Manitoba	46.5	41.6	70.7
Saskatchewan	75.3	93.7	102.2
Alberta	342.0	487.1	503.3
British Columbia	300.5	343.4	344.2
Yukon	0.8	1.3	1.2

## C. Loan repayment, assistance and forgiveness

Unlike traditional loans, Canada Student Loans do not accrue interest while the borrower is in school, but rather interest begins to accumulate once the borrower leaves school.

Borrowers are not required to make payments in the first six months after the end of their studies. As of November 2019, the six-month non-repayment period is also be interest free.

Once six months have elapsed, borrowers begin to repay their loans through monthly payments, typically over a 114-month period (9.5 years). Depending on their financial situation and income level, borrowers may revise their repayment terms to pay more quickly or to extend the payment period to reduce their monthly payments (up to a maximum of 14.5 years).

The average Canada Student Loan balance at the time of leaving school was \$13,367 for the 2018–2019 loan year. The increase in available grants and students not needing to rely as heavily on loans has meant that student debt has remained relatively stable over the past years.

Differences in loan balances reflect each student's particular situation. Loan balances are measured at the time of leaving school, which includes students who graduate, as well as those who do not complete their program of study. Among the key factors attributing to differences are the type and location of institution, as well as the program of study. In the 2018–2019 loan year, the average loan balance of university students was \$17,200, higher than that of college students (\$10,242) and those attending private institutions (\$11,041). This difference is partly because university programs generally tend to take longer to complete.

## Repayment Assistance Plan

---

**More than 330,000 borrowers received support under the Repayment Assistance Plan in the 2018–2019 loan year; an increase of 1% from the previous loan year.**

---

The Repayment Assistance Plan (RAP) is available to help borrowers who experience difficulty in repaying their student loans.

A single borrower does not have to repay their Canada Student Loan until they are earning at least \$25,000 per year. This income threshold is adjusted based on family size, meaning that for a family of four, no payment would be required until they are earning at least \$59,512. To remain on RAP, borrowers must re-apply every six months.

RAP offers different benefits depending on whether borrowers need short-term assistance soon after entering repayment or longer-term assistance after many years in repayment.

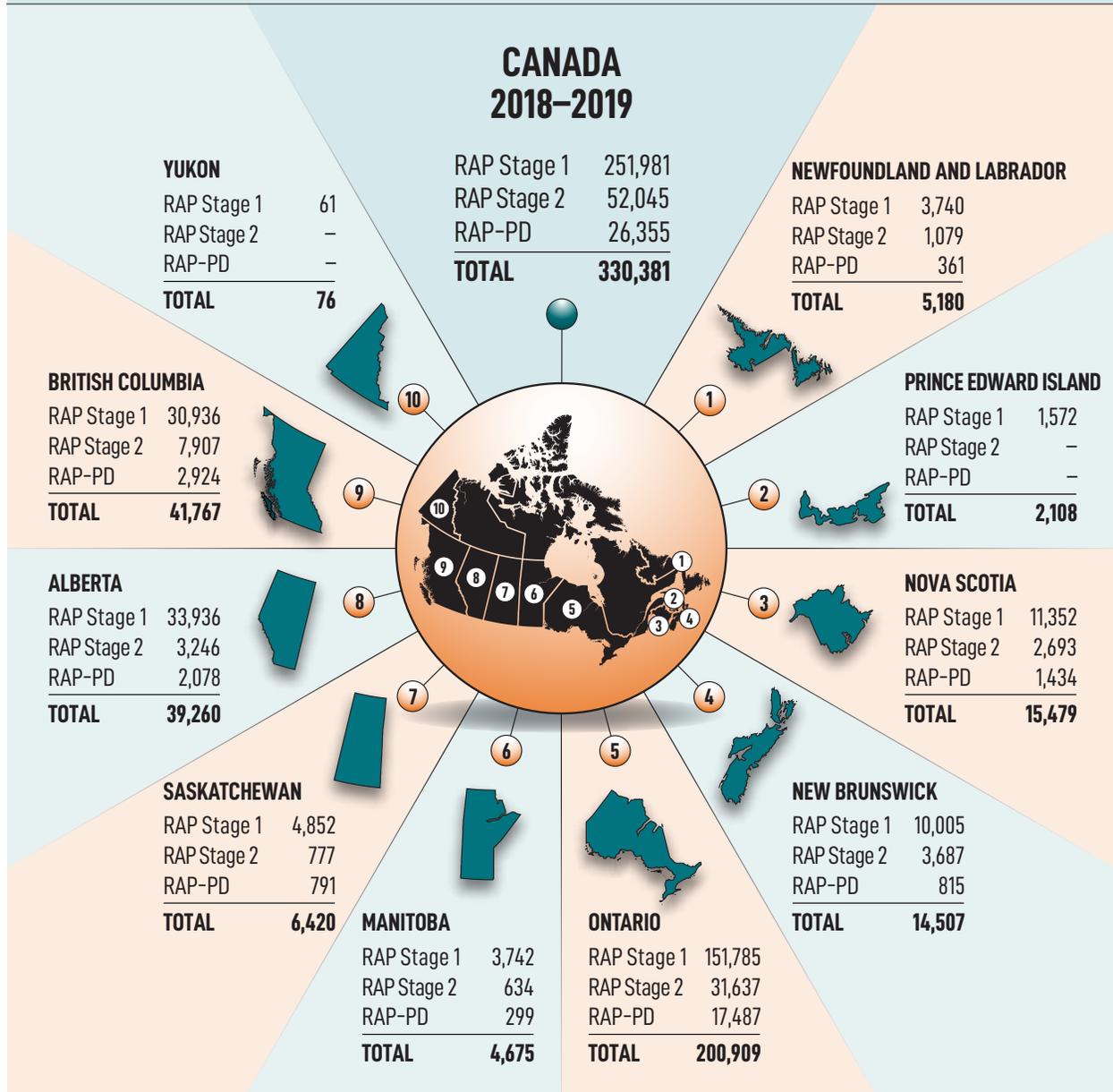
For the first five years on RAP (RAP Stage 1), the Government of Canada pays the interest not covered by a borrower's monthly payment on their student loan. For borrowers with longer-term financial difficulty (beyond five years), the Government of Canada begins to contribute towards both the principal and interest (RAP Stage 2) such that the loan is fully paid off in 15 years since leaving school. If a borrower is already over 10 years in repayment when they first apply for RAP, they would be on Stage 2 from the start, that is, the government would contribute to both interest and principal.

The Repayment Assistance Plan for Borrowers with a Permanent Disability (RAP-PD) offers more generous assistance than RAP.

The Government of Canada pays both the interest and principal not covered by the monthly payments, such that the loan is paid off 10 years after the completion of studies, for those who remain on RAP-PD. In addition, disability-related expenses are taken into account in the eligibility assessment, which may further reduce the individual's monthly payments.

The following diagram provides a summary of the number of RAP recipients by RAP stage and payment type in 2018–2019.

## Diagram 2



--: Cells are suppressed to prevent statistical disclosure of number of recipients greater than 0 but less than 10.

## Severe Permanent Disability Benefit

In very particular cases, borrowers with a severe permanent disability may be eligible for loan forgiveness. The Severe Permanent Disability Benefit makes it possible to cancel the repayment obligations of borrowers who have a severe permanent disability. A medical assessment must be completed by a physician or nurse practitioner stating that the severe disability prevents a borrower from performing the daily activities necessary to participate in studies at a post-secondary school level or in apprenticeship training, and in the labour force, and that the disability is expected to continue throughout the borrower's life.

In the 2018–2019 loan year, \$7.4 million in Canada Student Loans were forgiven under this measure for 440 borrowers, with an average value of \$16,730.

On August 1, 2019, the definition of severe permanent disability changed to expand eligibility to those who may be able to work, but whose jobs will never be substantially gainful and/or those who may still be able to participate in post-secondary education.

## Loan forgiveness for family doctors and nurses

The Government of Canada offers Canada Student Loan forgiveness for eligible family doctors, residents in family medicine, nurse practitioners and registered nurses who work in rural or remote communities. This benefit is aimed at increasing health care services across Canada.

Family doctors or residents in family medicine may receive up to \$40 000 in Canada Student Loan forgiveness over a maximum of five years (\$8,000 per year), and nurse practitioners and nurses may receive up to \$20,000 in loan forgiveness over a maximum of five years (\$4,000 per year).

For the 2018–2019 fiscal year, over 5,500 health care professionals working in various rural and remote regions received \$24.3 million (or an average of \$4,389) of CSL forgiveness.

## D. Student demographics

The demographic profile of Canada Student Loan Program recipients remained consistent with that of previous years. The majority of students who received a grant and/or loan in 2018–2019 were female (60%), were between the ages of 20 to 24 (44%), attended university (57%) and were enrolled in an undergraduate program (59%).

Fifteen percent of students were 30 years of age and older, and 5% of students were pursuing a Master's or Doctorate degree.

The following table provides a summary of the profile of students who received Canada Student Grants and/or Canada Students Loans in 2018–2019.

## Table 3

### Profile of students who received Canada Student Grants and/or Canada Student Loans in 2018–2019

	Number	Percent	Millions of dollars	Percent
<b>GENDER</b>	<b>672,277</b>	<b>100</b>	<b>5,189.5</b>	<b>100</b>
Female	400,597	60	3,157.3	61
Male	271,680	40	2,032.3	39
<b>AGE GROUP</b>	<b>672,277</b>	<b>100</b>	<b>5,189.5</b>	<b>100</b>
Younger than 20 years	185,045	28	1,232.5	24
20 to 24 years	293,982	44	2,178.6	42
25 to 29 years	94,374	14	817.9	16
30 to 34 years	39,647	6	384.5	7
35 to 39 years	25,676	4	260.3	5
40 to 44 years	16,114	2	159.8	3
45 to 49 years	9,680	1	89.9	2
50 years and older	7,759	1	66.1	1
<b>LEVEL OF STUDY</b>	<b>672,277</b>	<b>100</b>	<b>5,189.5</b>	<b>100</b>
Certificate or diploma	239,188	36	1,779.9	34
Undergraduate	397,707	59	3,115.9	60
Master	29,382	4	240.5	5
Doctorate	6,000	1	53.2	1
<b>TYPE OF INSTITUTION</b>	<b>672,277</b>	<b>100</b>	<b>5,189.5</b>	<b>100</b>
University	381,985	57	3,004.0	58
College	223,428	33	1,584.4	31
Private	66,864	10	601.2	12

In the 2018–2019 loan year, the vast majority of full-time students remained in their home province or territory to pursue post-secondary education. Ninety-one percent of students studied in their home province or territory within Canada, compared to just 7% who studied in Canada but outside their home province or territory. Two percent studied outside Canada.

The following table provides a summary of the percent of full-time students studying inside and outside of Canada in 2018–2019.

## Table 4

### Percent of full-time students studying inside and outside of Canada in 2018–2019

	Study in home province or territory	Study in Canada		Study outside Canada and the United States
		but away from home province or territory	Study in the United States	
Percent				
<b>CANADA</b>	91.2	6.6	1.0	1.2
Newfoundland and Labrador	82.8	15.7	0.4	1.1
Prince Edward Island	60.5	38.3	–	–
Nova Scotia	81.3	17.4	0.5	0.7
New Brunswick	79.2	19.9	0.5	0.3
Ontario	95.3	2.9	0.8	1.1
Manitoba	84.1	13.8	1.2	0.8
Saskatchewan	80.3	17.9	1.1	0.7
Alberta	83.6	12.7	1.9	1.7
British Columbia	85.5	11.2	1.3	2.0
Yukon	24.5	72.3	–	–

–: Cells are suppressed to prevent statistical disclosure of number of recipients greater than 0 but less than 10.

# PROGRAM DELIVERY

## Working with partners

The CSLP works collaboratively with provincial and territorial governments to deliver student financial assistance to Canadian students. In participating provinces (all jurisdictions except Quebec, Nunavut and Northwest Territories), approximately 60% of a full-time student's assessed financial need is funded by the Government of Canada, while the province or territory covers the remaining 40%.

A private-sector service provider, contracted by the Government of Canada, and branded as the National Student Loans Service Centre (NSLSC), administers grants and loan disbursement and loan repayment. The NSLSC



also administers student aid in five integrated provinces (British Columbia, Saskatchewan, Ontario, New Brunswick and Newfoundland and Labrador) as a single, integrated loan.

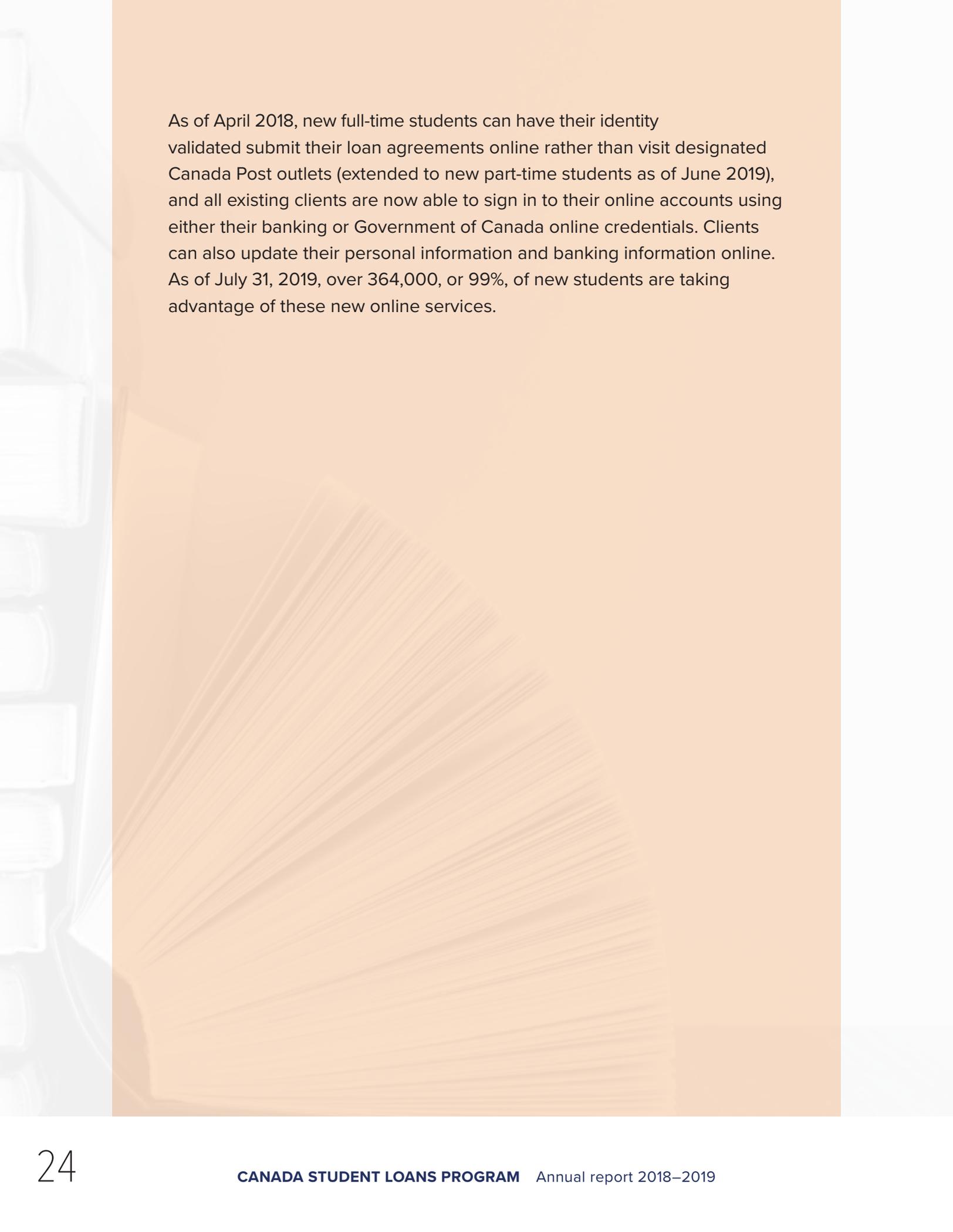
In support of their own student aid programs, the three non-participating jurisdictions received \$492.3 million in alternative payments for the 2018–2019 loan year, compared to the previous year’s payment of \$456.7 million:

- Quebec received \$486.4 million – representing an increase of \$35.4 million from last year’s payment of \$451.0 million;
- Nunavut received \$2.8 million – representing an increase of \$0.1 million from last year’s payment of \$2.7 million; and
- the Northwest Territories received \$3.1 million – representing an increase of \$0.048 million from last year’s payment of \$3.0 million.

## Service modernization

The Government of Canada is dedicated to continuously streamlining and modernizing the CSLP, as well as improving services for students. In collaboration with provincial and territorial partners, the CSLP is implementing a new electronic service delivery model in order to provide students with access to additional or enhanced digital self-service options, and a number of new features and services have been introduced since April 2018. The transformation initiative aims to significantly enhance the loan experience for borrowers by:

- enhancing the secure online National Student Loans Service Centre portal, which provides timely, mobile-friendly information regarding financial assistance (including status of disbursements, financial literacy resources, and options for repayment);
- reducing or eliminating the paper-based administrative burden for borrowers, and increasing the number of transactions that can be completed online through access to additional self-service options, such as customizing payment terms/amounts and making one-time payments; and
- producing greater efficiencies within the student financial assistance delivery system.



As of April 2018, new full-time students can have their identity validated submit their loan agreements online rather than visit designated Canada Post outlets (extended to new part-time students as of June 2019), and all existing clients are now able to sign in to their online accounts using either their banking or Government of Canada online credentials. Clients can also update their personal information and banking information online. As of July 31, 2019, over 364,000, or 99%, of new students are taking advantage of these new online services.

# PROGRAM PERFORMANCE MEASUREMENT

## Client satisfaction

The CSLP is committed to ensuring that clients receive quality service. An annual client satisfaction survey is used to assess clients' satisfaction with the services related to their grants and loans.

In the 2018–2019 loan year, 82% of clients said they were satisfied with the overall quality of service they received in regard to their grant or loan. Satisfaction levels have remained high over the past number of years.



## Portfolio performance

The CSLP works with the service provider and provincial partners to minimize the value of loans going into default. Although the vast majority of students repay their loans in full and on time, some borrowers experience difficulty in repayment. A loan is deemed in default when in arrears for more than 270 days (roughly equivalent to missing nine monthly payments).

The CSLP uses a three-year default rate as a main indicator of the performance of the portfolio. This rate compares the value of the loans that enter repayment in a given loan year, and default within three years, to the value of all the loans that entered repayment in that loan year.

As noted in the following table, the default rate has decreased significantly in the last decade. The introduction of grants and RAP, coupled with increased and targeted communications by the service provider, have helped a greater number of students manage their repayment obligations, leading to a lower default rate.

Table 5

### Canada Student Loan three-year default rates

	Years								
	2008– 2009	2009– 2010	2010– 2011	2011– 2012	2012– 2013	2013– 2014	2014– 2015	2015– 2016	2016– 2017
<b>Rates</b>	14%	15%	14%	13%	12%	11%	10%	9%	9%

## Loan rehabilitation

The CSLP offers loan rehabilitation as a way for borrowers to bring their defaulted loans back into good standing. Borrowers can rehabilitate their defaulted loans by paying their outstanding interest, plus two regular monthly payments. The CSLP works closely with the Canada Revenue Agency to raise awareness of loan rehabilitation.

On January 1, 2020, borrowers will have a new option to rehabilitate Canada Student Loans and Canada Apprentice Loans in default. They will have the option to add their interest to the principal of their loan (capitalize the interest) and make two payments to rehabilitate their loan.

## Loan write-off

As per standard accounting practices, the Government of Canada must write-off Canada Student Loans that have been deemed unrecoverable after all reasonable collection efforts have been made. The majority of the write-off value is comprised of loans that have not received payment or acknowledgement of debt for six years. Other reasons for write-off include bankruptcy, extreme financial hardship, and compromise settlements.

The value of loans written-off in 2019 was \$162.2 million of the overall value of the directly financed Canada Student Loan portfolio, which was much lower than the 2018 write-off \$200 million. The write-off of any debt does not mean the debt is forgiven. Should an individual wish to access student financial assistance from the CSLP in the future, this debt must be addressed. In a situation where a CSL debt is reinstated, any interest charges that accrued on the debt are also reinstated.

## Program integrity

The CSLP strives to safeguard the integrity of the Program by ensuring that all aspects of the Program are operating within the legal framework of the [\*\*Canada Student Financial Assistance Act\*\*](#) and the [\*\*Canada Student Loans Act\*\*](#).

The Program has in place a number of policies and activities designed to ensure its integrity and to enhance governance and accountability:

- Administrative measures may be taken when individuals knowingly misrepresent themselves to obtain student financial assistance; including being restricted from receiving student financial assistance for a specified period, being required to immediately repay any money obtained as a result of false information and having their grants converted to repayable loans. If warranted, further action may be taken such as criminal investigation or civil litigation. In the 2018–2019 school year, 39 cases of misrepresentation were confirmed as abuse.
- In keeping with provisions of the [\*\*Canada Student Financial Assistance Act\*\*](#), the Office of the Chief Actuary conducts a statutory actuarial review of the Program in order to provide a long-term forecast of the portfolio and program costs. The most recent [\*\*Actuarial Report \(2019\) \(PDF format\)\*\*](#) is available on the website of the Office of the Superintendent of Financial Institutions.
- The Designation Policy Framework establishes Canada-wide criteria for designation—the process whereby post-secondary educational institutions are deemed eligible for student financial assistance programs. The Framework ensures that federal and provincial and territorial student financial assistance portfolios operate within the principles and practices of reasonable financial stewardship. As a part of this framework, the CSLP calculates and tracks the repayment rates of Canada Student Loans for designated Canadian institutions. The 2019 repayment rate for borrowers who entered repayment in 2017–2018 was 91%, the same as the previous year and the highest it has been over the past 15 years.

# APPENDIX A

## CANADA APPRENTICE LOAN

### Support for apprentices

The Canada Apprentice Loan (CAL) provides additional financial support to apprentices in Red Seal trades during periods of technical training, to help them complete their apprenticeship, and to encourage more Canadians to consider a career in the skilled trades.

Eligible apprentices may apply for loans of up to \$4,000 per period of technical training, for a maximum of five periods. The loans are interest-free until apprentices complete or leave their apprenticeship training program, for up to a maximum of six years. Given the timing of technical training requirements in their province, apprentices in Quebec do not qualify for CAL. The province of Quebec is compensated with an annual special payment.

In the 2018–2019 loan year, Canada Apprentice Loans amounting to \$54.7 million were disbursed to 13,100 apprentices. Seventy-seven percent of disbursed loans went to apprentices from three provinces: Alberta (39%), British Columbia (24%) and Ontario (14%).

# APPENDIX B

## FINANCIAL DATA

### Consolidated report on the Canada Student Loans Program

Since 2000, the Government of Canada has provided student financial assistance directly to borrowers, unlike earlier CSLP lending regimes that were administered by financial institutions.

Under direct lending, the Government of Canada finances and administers the CSLP, contracting with a private-sector service provider (the National Student Loans Service Centre (NSLSC)) to manage student loan accounts from disbursement to repayment.

### Reporting entity

The entity detailed in this report is the CSLP only and does not include departmental operations related to the delivery of the CSLP. Expenditure figures are primarily statutory in nature, made under the authority of the [Canada Student Financial Assistance Act](#) and the [Canada Student Loans Act](#).

### Basis of accounting

The financial figures are prepared in accordance with generally accepted accounting principles and as reflected in the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants.

## Table 6

### Consolidated Canada Student Loans Programs – Combined programs

	Actual (in million \$)		
	2016–2017	2017–2018	2018–2019
<b>A. LOAN REVENUES</b>			
Interest revenue on direct loans	650.0	720.5	841.4
Recoveries on guaranteed loans	8.6	6.7	6.5
Recoveries on put-back loans (RS)	4.9	4.2	4.0
<b>Total loan revenue 0</b>	<b>663.5</b>	<b>731.4</b>	<b>851.8</b>
<b>B. LOAN EXPENSES</b>			
<b>TRANSFER PAYMENT</b>			
Canada Study Grants, Canada Access Grants and Canada Student Grants	974.6	1,323.1	1,537.8
<b>LOAN ADMINISTRATION</b>			
Collection costs (all regimes) <sup>a</sup>	24.2	23.2	24.5
Program delivery costs (DL)	84.9	96.0	77.3
Risk premium to financial institutions (RS)	0.0	0.0	0.0
Put-back to financial institutions (RS)	1.1	1.4	0.9
Administrative fees to provinces and territories and Special Investment Fund (DL)	30.2	30.6	34.5
<b>Total loan administration expenses</b>	<b>140.5</b>	<b>151.1</b>	<b>137.1</b>
<b>COST OF GOVERNMENT SUPPORT BENEFITS TO STUDENTS</b>			
In-study interest borrowing expense (Class A – DL) <sup>a</sup>	100.8	144.5	178.9
In repayment interest borrowing expense (Class B – DL) <sup>a</sup>	126.0	182.1	213.4
In-study interest subsidy (RS and GL)	0.1	0.1	0.1
Repayment assistance programs	182.1	216.4	248.2
Claims paid and loans forgiven (all regimes)	41.0	44.1	46.1
<b>Total cost of government support benefits to students</b>	<b>450.0</b>	<b>587.3</b>	<b>686.7</b>

## Table 6

### Consolidated Canada Student Loans Programs – Combined programs (continued)

	Actual (in million \$)		
	2016–2017	2017–2018	2018–2019
<b>BAD DEBT EXPENSE<sup>b</sup></b>			
Debt reduction in repayment expense (DL)	87.4	110.7	91.3
Bad debt expense (DL)	203.7	235.9	208.3
<b>Total bad debt expense</b>	<b>291.0</b>	<b>346.6</b>	<b>299.6</b>
<b>Total loan expenses</b>	<b>1,856.1</b>	<b>2,408.1</b>	<b>2,661.2</b>
<b>C. NET OPERATING RESULTS</b>			
Net operating results	1,192.6	1,676.7	1,809.4
Alternative payments to non-participating provinces (DL) <sup>c</sup>	305.4	376.4	504.3
<b>Final net operating results</b>	<b>1,497.9</b>	<b>2,053.1</b>	<b>2,313.6</b>

DL = Direct loans      RS = Risk-shared loans      GL = Guaranteed loans

<sup>a</sup> These costs are related to Canada Student Direct Loans but reported by the Department of Finance.

<sup>b</sup> This represents the annual expense against the Provisions for Bad Debt and Repayment Assistance Payments – Principal as required under Accrual Accounting.

<sup>c</sup> The figures represent the annual expense recorded under the Accrual Accounting as opposed to the actual amount disbursed to the Non-Participating Provinces. For loan year 2016–2017, the total amount disbursed as Alternative Payments was \$338.6 million.

# GLOSSARY

---

<b>Consolidation</b>	Borrowers consolidate their student loan(s) six months after the end of their post-secondary studies (or ending full-time studies). Repayment begins once they have consolidated their loans.
<b>Default</b>	A loan is deemed in default when it is in arrears for greater than 270 days under the direct lending regime.
<b>Default rate</b>	The CSLP measures default using a three-year default rate. This rate shows the proportion of loan dollars that enter repayment in a given loan year and default within three years. For example, the 2016–2017 default rate represents the proportion of loan dollars that entered repayment in the 2016–2017 loan year and defaulted before August 1, 2019.
<b>Designated educational institution</b>	A designated post-secondary educational institution meets provincial and territorial and federal eligibility criteria, and students attending these schools can apply for government-sponsored student financial assistance, such as Canada Student Grants and Canada Student Loans.
<b>Direct loans</b>	As of August 2000, the federal government issued Canada Student Loans under the direct loans regime. Loans are directly financed by the Government and a third-party service provider administers the loan process.
<b>Full-time</b>	A full-time student is a student enrolled in at least 60% of a full course load (or 40% for students with permanent disabilities) in a program of study of at least 12 consecutive weeks at a designated post-secondary educational institution.

---

<b>Guaranteed loans</b>	Between 1964 and 1995, Canada Student Loans were provided by financial institutions (such as banks) under the guaranteed loans regime. If a student defaulted on a guaranteed loan, the Government paid out the bank and the student's debt was then owed directly to the Government.
<b>Integrated province</b>	In integrated provinces, federal and provincial loans are combined so that borrowers receive and repay one federal and provincial integrated loan. The federal and provincial governments work together to make applying for, managing and repaying loans easier. The CSLP has integration agreements with five provinces: British Columbia, Saskatchewan, Ontario, New Brunswick and Newfoundland and Labrador.
<b>In-study</b>	The status of borrowers attending full- or part-time studies at a post-secondary institution, or who have finished school less than six months ago.
<b>Loan year</b>	August 1 to July 31.
<b>Part-time</b>	A part-time student is a student taking between 20% and 59% of a full course load. Students with permanent disabilities may be accorded part-time status if they are taking between 20% and 39% of a full course load. If they are taking between 40% and 59% of a full course load they can elect to be considered either as a full-time or part-time student for the purpose of the CSLP.
<b>Participating provinces and territories</b>	The provinces and territories that choose to deliver financial assistance to students within the framework of the CSLP include Newfoundland and Labrador, Prince Edward Island, Nova Scotia, New Brunswick, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia and Yukon.

<b>Province or territory of residence</b>	A student's province or territory of residence is the province or territory where they have most recently lived for at least 12 consecutive months prior to starting post-secondary education. For example, an individual from Manitoba studying in Ontario would be considered a Manitoba student.
<b>Post-secondary education</b>	Levels of education following secondary school (high school) at all designated public or private post-secondary institutions.
<b>Repayment</b>	The status of borrowers who have begun repaying their Canada Student Loans. Repayment begins six months following the end of studies.
<b>Repayment rate</b>	The repayment rate is the percentage of the total principal amount of Canada Student Loans consolidated in a given loan year that is repaid or in good standing at the end of the subsequent loan year.
<b>Revision of terms</b>	A means of allowing borrowers to manage their loan repayment in a way that is responsive to their situation. It can be used to decrease monthly payments (extending the loan term to a maximum of 14.5 years), or to increase loan payments allowing the borrower to pay off the loan sooner.
<b>Risk-shared loans</b>	Between 1995 and 2000, Canada Student Loans were provided by financial institutions (such as banks) under the risk-shared loans regime. Under this regime, financial institutions assumed responsibility for a portion of the possible risk of defaulted loans in return for a payment from the Government.
<b>Student financial assistance</b>	Student financial assistance is any form of financial aid provided by the Canada Student Loans Program to students while they are enrolled in designated post-secondary education institutions, including Canada Student Grants, Canada Student Loans and in-study interest subsidies.