



CANADA STUDENT LOANS PROGRAM
ANNUAL REPORT
2002-2003



Human Resources and
Skills Development Canada

Ressources humaines et
Développement des compétences Canada

Canada

HRIC-025-11-04

This publication is available in multiple formats (large print, audio cassette, Braille and diskette) in English and French.

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Cat. No.: HS45-2003

ISBN: 0-662-68575-X

Printed in Canada

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MESSAGE FROM THE MINISTER



As Minister of Human Resources and Skills Development I am pleased to bring you the *Canada Student Loans Program Annual Report 2002-2003*.

The Government of Canada believes that investing in Canadians is one of the most important investments it can make. It is committed to helping Canadians participate fully in today's knowledge-based economy. Through programs such as the Canada Student Loans Program (CSLP), Canadians of all ages can access a post-secondary education at universities, colleges or trade schools, which will enable them to gain essential knowledge and skills for the labour market of today, and tomorrow.

Since 1964, the CSLP has reduced financial barriers to a post-secondary education by providing loans and grants to full – and part-time students with assessed financial need. The Government of Canada jointly administers the CSLP and other forms of student assistance with nine participating provinces and the Yukon Territory. It also provides alternative payments to Quebec, the Northwest Territories and Nunavut for their own provincial/territorial student assistance programs, as they do not directly participate in the CSLP.

The CSLP is continually evolving and the Government of Canada has made significant enhancements to the program over the years to better support students. In 2002-2003, the CSLP provided financial assistance to approximately 42 percent of students enrolled in a post-secondary education and disbursed a total of \$1.55 billion in loans to more than 331,000 full – and part-time Canadian students.

In 2003, the CSLP undertook a client satisfaction survey of direct loan borrowers who had recently dealt with the program. The results were very positive, with 80 percent of participants saying that they were satisfied with the overall quality of service received regarding their Canada Student Loan.

The Government of Canada continues to work with provincial and territorial governments, college and university administrators, student groups, and other partners on programs such as the CSLP to help ensure that people can achieve their skills and learning goals. This continued cooperation demonstrates the Government's ongoing commitment to the economic growth and prosperity of all Canadians.

A handwritten signature in black ink that reads "Lucienne Robillard". The signature is written in a cursive, flowing style.

Lucienne Robillard, P.C., M.P.

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Vision

The Canada Student Loans Program's vision is that all Canadians have the opportunity to develop the knowledge and skills to participate in the economy and in society.

Mission

The Canada Student Loans Program (CSLP) seeks to promote accessibility to post-secondary education for students with demonstrated financial need by:

- **Providing** loans and grants to eligible individuals;
- **Developing and implementing** policies that balance requirements for accountability, integrity and responsiveness to the changing needs of students and society;
- **Providing** information to help students and their families in making informed choices;
- **Enhancing and improving** the delivery of services, resulting in high client satisfaction;
- **Ensuring** the development and renewal of a valued, knowledgeable, motivated workforce within the CSLP; and
- **Building** on and improving collaborative partnerships with federal, provincial and territorial partners, stakeholders and student organizations.

Mandate

The CSLP's mandate is to promote access to post-secondary education through the provision of financial assistance in the form of loans and/or grants to qualified students based on financial need, regardless of province/territory of residence.

Legal Mandate

Canada Student Loans issued prior to August 1, 1995, (guaranteed student loans)¹ are governed pursuant to the *Canada Student Loans Act* and its regulations. Risk-shared² and directly financed³ student loans are governed pursuant to the *Canada Student Financial Assistance Act* and its regulations.

While financial assistance is mainly delivered through a loans program, section 15 of the *Canada Student Financial Assistance Act* authorizes the CSLP to establish and operate Canada Study Grants (CSGs). CSGs are available for students with permanent disabilities, females pursuing doctoral studies, high need part-time students, high-need students with permanent disabilities and students with dependants. Unlike Canada Student Loans, CSGs do not have to be repaid.

¹ Under the guaranteed regime, the federal government guaranteed lenders repayment on Canada Student Loans.

² Under the risk-shared regime, the federal government paid nine private lenders a premium of 5% in return for accepting the risk of non-repayment.

³ As of August 2000, the federal government directly finances loans and has contracted third-party Service Providers to administer the loan process. The *Canada Student Financial Assistance Act* and its regulations were amended in 2000 to allow for directly financed loans.

HIGHLIGHTS

- The Annual Report for the Canada Student Loans Program (CSLP) is intended to inform Parliament and Canadians on the performance of the CSLP for the 2002-2003 loan year (August 1, 2002-July 31, 2003) and to provide detailed financial information for the 2002-2003 fiscal year (April 1, 2002-March 31, 2003).
- All data in this report represent **only the federal share** of a student loan.
- As of August 1, 2000, the Government of Canada has been directly financing federal student loans to borrowers.
- The 2001 Federal Budget increased support for Canada Student Loan borrowers with permanent disabilities by raising the maximum grant amount for students with permanent disabilities from \$5,000 per loan year to \$8,000 per loan year. The budget also announced the creation of a new Canada Study Grant for High-need Students with Permanent Disabilities, of up to \$2,000 per loan year, to help cover a student's financial need that is not fully met by the maximum amount of financial assistance available. These measures came into force on August 1, 2002.

CANADA STUDENT LOAN PORTFOLIO

- The total value of the Canada Student Loan portfolio was \$10.18 billion as of March 31, 2003. This represents a \$245 million increase since March 31, 2002.
- As of March 31, 2003, loans to students in study accounted for 38% of the total portfolio, while Canada Student Loans in repayment accounted for 62% of the total borrower portfolio.

LOAN DISBURSEMENTS

In the 2002-2003 loan year:

- the CSLP assisted approximately 42% of post-secondary students enrolled in post-secondary institutions in provinces and territories that participate in the CSLP.⁴
- a total of \$1.55 billion in loans was disbursed to 331,763 full-time and part-time borrowers; and
- approximately 430,000 borrowers received in-study interest subsidies, where the Government of Canada subsidized the interest on student loans while they were in-study for a total of \$139.4 million.

Full-Time Loans

In the 2002-2003 loan year:

- 328,991 full-time post-secondary students received a Canada Student Loan for a total of \$1.54 billion;
- the average loan disbursed increased slightly, from \$4,586 in 2001-2002 to \$4,695 in 2002-2003;
- the majority of student loan borrowers resided in Ontario and British Columbia—Ontario borrowers represented 44.6% of all Canada Student Loan borrowers, while British Columbia borrowers represented another 19.6%; and
- the proportions of Canada Student Loan borrowers attending universities and community colleges remained stable from the 2001-2002 loan year, at 54% and 34% respectively.

⁴ British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador and the Yukon Territory participate in the CSLP. The CSLP provides alternative payments to Quebec, the Northwest Territories and Nunavut for their own provincial/territorial student assistance programs, as they do not directly participate in the CSLP.

Part-Time Loans

In the 2002-2003 loan year:

- \$4.6 million was disbursed to 2,772 part-time students, who accounted for less than 1% of the total Canada Student Loan borrowers;
- the average loan for a part-time student decreased by \$68, from \$1,717 in 2001-2002 to \$1,649 in the 2002-2003 loan year;
- the majority of part-time student borrowers resided in Alberta (36.6%), followed by Ontario at 26.3%—figures that remained consistent from the previous loan year; and
- 51.2% of all part-time student borrowers attended universities, 36.3% attended community colleges and the remaining 12.4 % attended private institutions.

Canada Study Grants

In the 2002-2003 loan year:

- 55,625 Canada Study Grants (CSGs) were disbursed at an approximate total value of \$75.5 million.
- the majority of CSGs (79%) were issued to students with dependants and totalled approximately \$55.4 million; and
- 1,364 students received the new CSG for High-need Students with Permanent Disabilities, which totalled \$2.2 million.

DEMOGRAPHIC PROFILE OF CANADA STUDENT LOAN BORROWERS

In the 2002-2003 loan year:

- approximately 45% of full-time student borrowers were 21 and under, and 30% were between the ages of 22 and 25;
- borrowers aged 26 to 29 accounted for approximately 11% of full-time student borrowers, and those 30 and over accounted for 14%;
- approximately 32% of part-time student borrowers were over the age of 30, and 27.5% were 21 and under; and
- 58.8% of full-time student borrowers were women, while men comprised 41.2%; and approximately 65% of part-time borrowers were women, and 34.8% were men.

MOBILITY OF BORROWERS

In the 2002-2003 loan year:

- approximately 88.6% of all Canada Student Loan borrowers remained in their home province/territory to study, while 11.4% of borrowers (37,520) studied outside of their home province/territory;
- overall inter-provincial/territorial borrower mobility decreased slightly from the previous loan year, from 11.7% in the 2001–2002 loan year to 11.4% in the 2002–2003 loan year; and

- mobility was particularly important in provinces and territories where post-secondary institutions were few—for example, although only 11.4% of overall borrowers studied outside their home province/territory, 88.1% of all Yukon borrowers studied outside their home territory.

INDEBTEDNESS

In the 2002-2003 loan year:

- average Canada Student Loan indebtedness (the amount borrowers owe once they have completed their studies) was \$10,265, an amount that was \$726 higher than the level of indebtedness in the 2001–2002 loan year;
- average indebtedness in Alberta, British Columbia, Manitoba and Yukon was under the \$10,265 national average;
- borrowers in Manitoba owed the least at consolidation⁵ (\$8,530), while borrowers in Nova Scotia owed the most at consolidation (\$11,768); and
- average indebtedness increased in all provinces and territories compared to the 2001–2002 loan year—Prince Edward Island and Yukon had the largest increases, at \$1,804 and \$1,550 respectively, while Ontario and New Brunswick had the lowest increases, at \$412 and \$580 respectively.

INTEREST RELIEF AND DEBT REDUCTION IN REPAYMENT

In the 2002-2003 loan year:

- 134,186 borrowers applied for Interest Relief (IR);
- of those applicants, 128,235 borrowers received IR, at a total cost of \$77.2 million;
- the number of borrowers on IR decreased to 128,235, from 140,461 in 2001–2002 and 154,895 in 2000–2001;
- the average amount of time borrowers remained on IR increased to 7.15 months, from 6.41 months in 2001–2002;
- the average outstanding loan principal of an IR recipient was \$13,540, which was \$980 higher than in the 2001–2002 loan year;
- borrowers over the age of 30 accounted for the highest percentage of IR recipients (37%);
- 63% of all IR recipients were women, while men represented 37%;
- 1,523 borrowers were on Debt Reduction in Repayment (DRR), for a total of \$8.6 million; and
- DRR expenses increased to \$8.6 million, from \$5.3 million in the 2001–2002 loan year and \$2.9 million in the 2000–2001 loan year.

DEFAULT

- The three-year default rate is the proportion of the amount entering repayment that the CSLP anticipates will default within three years after consolidation. The three-year anticipated blended default rate (for direct, risk-shared and guaranteed loans) in 2002–2003 was 24.13%, a decrease from 24.98% for the 2001–2002 loan year.

⁵ Consolidation occurs when the borrower's status changes from in-study to in-repayment. Generally, this occurs six months after the completion of studies.

CLIENT SATISFACTION

In January 2003, the CSLP conducted a client satisfaction survey of direct loan holders who had contact with the CSLP. According to the survey:

- 80% of borrowers were satisfied with their interaction with the CSLP regarding their Canada Student Loan, a 9% increase over results in the 2002 Client Satisfaction Survey;
- 12% of clients said service had improved, while 6% said it had worsened; and
- the majority of clients (73%) who contacted the CSLP did not experience any problems in their dealings with the program, and almost four in five clients (79%) said they received all the information or service they needed.

1. INTRODUCTION

The Annual Report for the Canada Student Loans Program (CSLP) is intended to inform Parliament and Canadians on the performance of the CSLP for the 2002–2003 loan year (August 1, 2002–July 31, 2003) and to provide detailed financial information for the 2002–2003 fiscal year (April 1, 2002–March 31, 2003).

This report is neither a policy document nor a research paper, but a compilation of data that provides a summary of program activities that is intended to inform readers of the state of the CSLP. It is also important to note that all data in this report represent **only the federal share** of a student loan.

The report first provides the reader with background information on the CSLP, including roles and responsibilities, and the program's activities for the 2002–2003 loan year.

This section is followed by details on the overall performance of the Canada Student Loan portfolio, including information on loan disbursements, borrower demographics and the repayment portfolio.

The last section examines program expenditures for the CSLP.

2. THE CANADA STUDENT LOANS PROGRAM

A. BACKGROUND

Since 1964, the Canada Student Loans Program (CSLP) has reduced financial barriers to post-secondary education by providing loans and grants to post-secondary students in financial need. Up until July 31, 2000, the Government of Canada either guaranteed⁶ Canada Student Loans or paid a risk premium⁷ to participating financial institutions. Since August 1, 2000, the Government of Canada has been directly financing federal student loans to borrowers.

The 2001 Speech from the Throne reaffirmed the Government of Canada's commitment to reducing barriers to post-secondary education:

Canada will only realize its full potential by investing aggressively in the skills and talents of its people. To succeed in the knowledge economy, Canada will need people with advanced skills and entrepreneurial spirit... The Government of Canada will work with provinces and territories and with non-governmental organizations to ensure that all Canadians, young and old, can achieve their learning goals.

Other Governmental Student Financial Assistance Measures

Reducing financial barriers to post-secondary education is the joint responsibility of governments, students and students' families. The CSLP is the largest program offering financial assistance to Canadian students with demonstrated financial need. However, the CSLP is but one program among many federal and provincial/territorial programs that encourage and support Canadians to pursue post-secondary education. Other federal initiatives aimed at increasing access to post-secondary education by reducing financial and social barriers include the following:

- The Canada Health and Social Transfer (CHST) provides block funding to assist provinces and territories with post-secondary education, health care, social assistance and social services.⁸
- The Government of Canada's \$2.5-billion investment in the Canadian Millennium Scholarship Foundation provides approximately 100,000 eligible students with approximately \$3,000 each year, for a total investment of \$300 million per year.
- Indian and Northern Affairs Canada (INAC) assists post-secondary Aboriginal and Inuit students with the costs of tuition, books, travel and living allowances, through the Post-Secondary Student Support Program (PSSSP) and the University College Entrance Preparation Program (UCEP). Support is also provided to post-secondary institutions for the development and delivery of special programs for Aboriginal people through the Indian Studies Support Program (ISSP).
- The Canada Education Savings Grant (CESG) encourages Canadians to save for their children's post-secondary education by awarding grants of up to \$400 per year to beneficiaries of Registered Education Savings Plans.

⁶ Between 1964 and 1994, financial assistance was provided to students through banks and credit unions in the form of 100% government guaranteed loans.

⁷ In 1995, the Canada Student Financial Assistance Act (CSFAA) came into force to allow for a risk-sharing arrangement between the federal government and participating financial institutions. Participating financial institutions were paid 5% of the value of the loans which went into repayment to compensate for defaults. Recovery of loans became the full responsibility of financial institutions.

⁸ In February 2003, the government announced the restructuring of the CHST to create a separate Canada Health Transfer (CHT) and a Canada Social Transfer (CST), effective April 1, 2004.

- The 2001 Federal Budget exempted from income tax tuition assistance for adult basic education provided under certain government programs. It also extended access to the education tax credit to people who receive taxable assistance for post-secondary education under certain government programs. The education tax credit helps students offset education expenses and amounts to \$400 per month of full-time study and to \$120 per month of part-time study. These changes provide tax relief to more than 65,000 Canadians who are upgrading their skills and give them access to the same tax benefits available to other post-secondary students.
- Tax relief is now available to all individuals with federal and provincial/territorial loans, through a federal tax credit on the annual interest portion of their student loan payments.
- The Official Languages in Education Program provides financial assistance to provinces and territories for minority-language education and for second-language instruction.
- The Employment Insurance Program provides income support to apprentices during periods of classroom training.

In addition to administering Canada Student Loans to borrowers, provincial and territorial partners also offer loans, grants and scholarships to increase access to post-secondary education.

External Factors Influencing Performance

Environmental factors and economic conditions affect the performance of the CSLP. For instance, economic conditions may affect post-secondary attendance, the number of students seeking financial assistance, reliance on debt management programs (such as Interest Relief and Debt Reduction), and debt repayment rates.

B. PROGRAM ACTIVITIES AND LOGIC

The CSLP's main activity is to deliver loans and grants to post-secondary students in financial need, with the short-term outcome of reducing financial barriers to post-secondary education. By reducing these barriers, the CSLP hopes to increase the participation and completion rates of post-secondary borrowers. In the long run, this increase may lead to better employment opportunities and a strengthened ability for borrowers to participate in the Canadian society.

To help ensure these outcomes, the CSLP also offers Canada Study Grants (CSGs), in-study interest subsidies and repayment assistance to borrowers. These features make the CSLP unique, since private lending institutions do not offer similar services to help reduce the debt burden of post-secondary borrowers.

By providing Canada Student Loans and grants, and subsidizing the related interest while students are in-study, the federal government reduces financial barriers to post-secondary education. This assistance helps students concentrate on their studies, since they do not face the burden of immediate repayment.

Ensuring borrower satisfaction also means managing the loan repayment portfolio by helping borrowers plan for repayment. This task includes offering programs such as Interest Relief and Debt Reduction in Repayment, and, if required, revising the terms of loan repayment schedules. All of these measures increase borrower satisfaction, which should lead to improved repayment rates among borrowers.

It is also important for the CSLP to build a good relationship with borrowers and prospective borrowers by developing communication products such as CanLearn Interactive and information guides, and by operating call centres to help borrowers make more informed post-secondary financing decisions. See **Appendix A** for further details.

The CSLP continuously works to improve the loan experience for borrowers. One means of doing so is by integrating federal and provincial/territorial student loans. The objective of integration is to simplify and streamline the student loan application and repayment processes by using a common administrative platform. As a result, students would have only one student loan certificate and one student debt, and would make one single payment on their student loans. In 2001, Ontario and Saskatchewan signed integration agreements with the CSLP. Currently the CSLP is working with other participating jurisdictions to achieve this goal.

Roles and Responsibilities

The CSLP is a complex program that works with numerous partners to effectively administer loans and grants to students. Delivery partners include participating provinces, Yukon, two private Service Providers, Public Works and Government Services Canada, Human Resources and Skills Development Canada, and Social Development Canada.

Eligibility for a Canada Student Loan is based on financial need, which is determined by taking into account a student's education-related expenses and their available resources during that period of study. The resources assessed include income, assets, spousal contributions and parental contributions. The expenses include costs such as tuition, books, supplies, living allowances, transportation and child care. The cost of post-secondary education is also directly related to a student's choice of post-secondary institution, program of study, tuition fees and cost of living away from home.

Under the CSLP formula, the Government of Canada provides loan funding equivalent to 60% of a student's assessed need, up to a maximum of \$165 per week of study. Provincial/ territorial governments fund the remaining 40% of the student's assessed need. Although Quebec, Nunavut and the Northwest Territories do not participate in the CSLP, preferring to operate independent programs, they receive annual compensatory payments from the federal government towards the operation of their own student financial assistance programs.

⁹ In December 2003, Prime Minister Paul Martin announced the split of the department of Human Resources Development Canada into two separate organizations: Human Resources and Skills Development Canada, and Social Development Canada.

Provincial/territorial student assistance offices determine students' financial need under the CSLP, determine need under their own provincial/territorial assistance programs, administer their own assistance programs, process loan applications and determine eligibility for Canada Study Grants.

Since August 1, 2000, the Government of Canada has directly financed federal student loans to borrowers. The CSLP divides the borrower portfolio between public and private institutions to allow each of the two contracted service providers to customize their services to meet borrowers' needs. These service providers operate under the name of the National Student Loans Service Centre (NSLSC) and manage borrower accounts on behalf of the CSLP.

CanLearn Interactive and On-Line Services

As part of a commitment to service excellence, the CSLP strives to make the best use of information technologies and on-line services in designing and delivering its program. A central element of this commitment is the CanLearn Web site (www.canlearn.ca). This one-stop on-line resource for information and interactive planning tools helps Canadians explore learning and education opportunities, develop learning strategies and create financial plans to achieve their goals. Through the National Student Loans Service Centre (NSLSC) section of CanLearn, the CSLP provides its current and future clients with tools and information to help them apply for, maintain and repay their student loans.

In 2002–2003, the CSLP made significant progress in on-line service delivery by continuing to develop the CanLearn Web site. Completed projects and activities support departmental and government-wide objectives, which include increasing federal visibility and providing client-centered service delivery. CanLearn and the NSLSC were re-launched with a new look and feel, in accordance with Government On-Line standards and guidelines. The site's managers have redesigned the navigational tools, made content easier to read and more consistent, and updated the "School and Program Search" tool, which now includes detailed descriptions of almost 18,000 post-secondary programs offered across Canada.

New content introduced on the NSLSC was restructured according to the student loan lifecycle, supporting clients with information and on-line services in the areas of loan application, maintenance, and repayment. The new template used for the NSLSC allows users to tailor information to their situation, based on self-identification questions regarding province/territory of residence, institution type, and study status. Also, on the redesigned NSLSC site at www.canlearn.ca, linkages with integrated provinces (Ontario and Saskatchewan) were optimized in order to support efficient program delivery and client-centric service.

Through promotional activities and targeted on-line service resources, the CanLearn Web site has the potential to reach a broad audience, including students, current and future clients of the CSLP, career professionals, teachers and parents. Through 14 education and career events, CanLearn was promoted to approximately 200,000 target audience members in 2002–2003. A new on-line service resource, CanLearn Pro, was launched in January 2003 at the National Consultation on Career Development (NATCON) conference. This resource, as well as its companion facilitator's guide, is designed to help teachers and career development professionals support their students and clients in the use of the site.

In March 2003, focus groups were conducted nationally with high school students, current and potential CSLP borrowers, high school counsellors and teachers regarding the CanLearn Web site and brochure. Participants were asked to evaluate the functionality, clarity, content organization and usefulness of the Web site. Feedback from the evaluation exercises concluded that the CanLearn Web site and brochure are an effective source of information on planning and financing one's education.

Collaborative Work with Provincial and Territorial Partners

The CSLP constantly strives to improve communication and service to students. To do this it has set up working groups, in collaboration with provinces/territories and other stakeholders.

The CSLP co-chairs the Intergovernmental Consultative Committee on Student Financial Assistance (ICCSFA). ICCSFA is a federal/provincial/territorial forum, established in 1987 by the Secretary of State and the Council of Ministers of Education, Canada (CMEC) to pursue ongoing consultations on policy and program development. It is composed of representatives from the federal, provincial and territorial departments responsible for student financial assistance who meet at least twice a year to discuss basic administrative criteria and coordinate their respective programs and policies. In addition, ICCSFA establishes federal/provincial/territorial working groups to deal with specific issues pertaining to student financial assistance.

In April 2003, CMEC approved a pan-Canadian Designation Policy Framework developed by ICCSFA that will guide provinces and territories in the development of their own designation policies. The framework re-emphasizes the fundamental purpose of government student loan programs to increase access to post-secondary education.

Stakeholder Communications

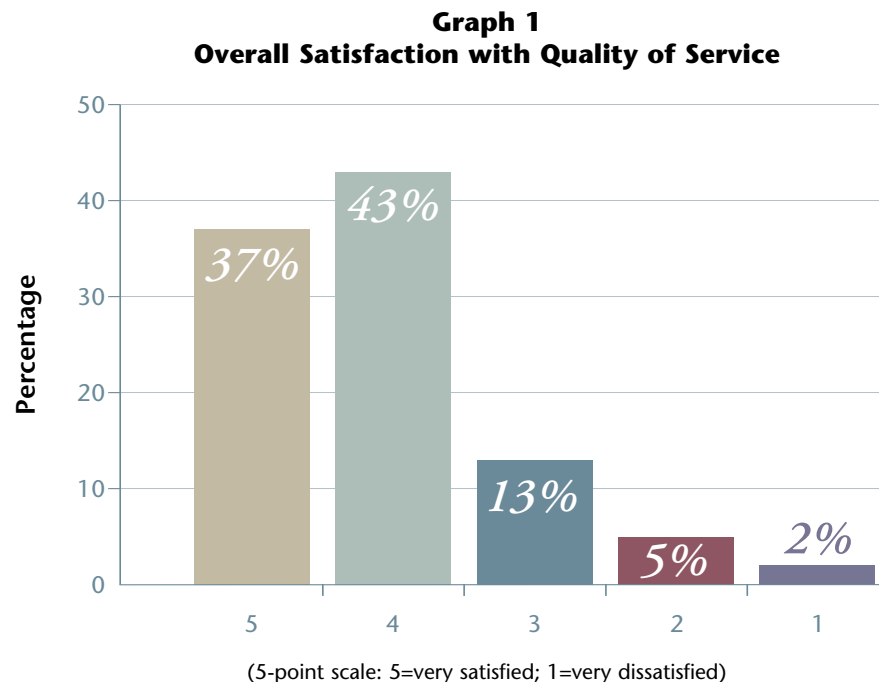
The CSLP consults with stakeholder groups through the National Advisory Group on Student Financial Assistance (NAGSFA). NAGSFA was established in 1987 to give student associations, educational organizations and financial institutions a way to let government know their views on the policies and practices of federal student financial assistance. NAGSFA meets twice a year to discuss specific issues and to provide input on policy development and program delivery.

The CSLP continues to work with the provinces/territories and stakeholders on communications initiatives to ensure that messages and information reach targeted audiences. Ensuring that all jurisdictions deliver the application, assessment, disbursement and repayment assistance elements of the CSLP in a coordinated way is also a priority.

3. CLIENT SATISFACTION

In January 2003, the CSLP conducted a Client Satisfaction Survey of direct loan holders who were in contact with the CSLP. A total of 906 interviews were conducted where respondents were asked to rate, on a five-point scale, their satisfaction with the service they received in the six months prior to the survey.¹⁰

Eighty percent of borrowers were satisfied with their interaction with the CSLP regarding their Canada Student Loan, representing a 9% increase over the 2002 Client Satisfaction Survey (**Graph 1**).



The survey also asked borrowers who had had a Canada Student Loan for more than two years whether the quality of service they had received had remained consistent over the past few years. Seventy-nine percent of borrowers felt the quality of service had remained the same (an increase from 72% in the 2002 survey). Twelve percent of borrowers said service had improved, while 6% said it had worsened. The latter figure was an improvement over the previous survey, where 9% of borrowers said service had worsened.

The majority of borrowers (73%) who had contacted the CSLP in the previous six months did not experience any problems in their dealings with the CSLP. Furthermore, almost four in five borrowers (79%) said they had received all the information or service they needed.

¹⁰ Based on this sample size, the results can be considered to be accurate to within +/-3.4%, 19 times out of 20 (most conservative estimate).

In terms of areas of service, borrowers were most satisfied with the ease of access to service in the language of their choice (91% satisfied), courteousness (80% satisfied) and fairness (79% satisfied).

When asked to rate the importance of these aspects of service, borrowers generally agreed that all aspects were important. Staff competency (90%) was most important to borrowers, followed by the extent to which they and staff shared an understanding of the next steps, and fair provision of service (87% each). More than four in five borrowers (85%) said ease of access to service was important, while a similar percentage (83%) valued the extent to which they were informed. Finally, approximately 75% of borrowers rated staff courteousness, waiting times and ease of access to service in the language of their choice as important aspects of service.

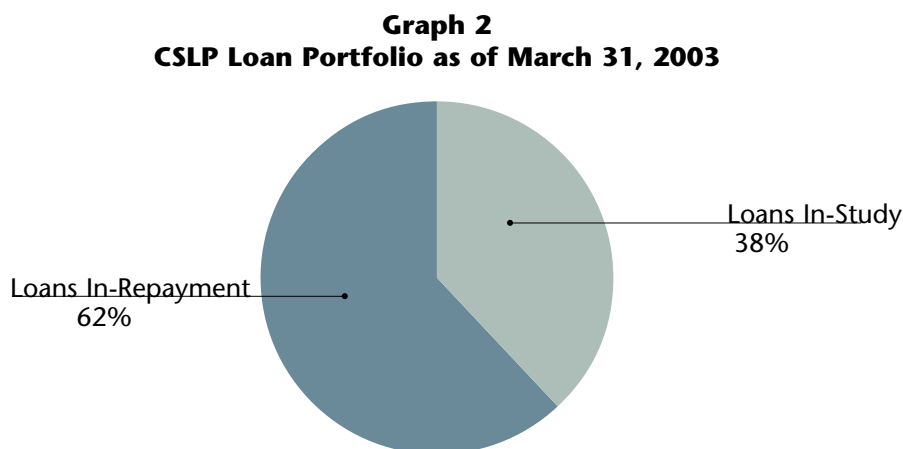
The Client Satisfaction Survey also asked borrowers questions about other post-secondary issues. When asked about financing their post-secondary education, 43% of borrowers said that if they had not received their Canada Student Loan, they would have worked first to save money for their education. One-quarter (26%) felt that they would have had to take on additional work while continuing their studies, and 15% would not have considered post-secondary education at all without their Canada Student Loan. Relatively few would have reduced their course load or taken courses for a shorter or different degree, an indication of the positive impact that the CSLP has in helping borrowers get a post-secondary education.

4. CANADA STUDENT LOAN PORTFOLIO

The total value of the CSLP portfolio for all in-study and in-repayment loans (including guaranteed, risk-shared and direct loans) was \$10.18 billion as of March 31, 2003. This represented a \$245-million increase above the value at March 31, 2002.

In-study loans accounted for \$3.85 billion (38%) of the total portfolio, while in-repayment loans accounted for \$6.34 billion (62%) of the total portfolio.

Graph 2 illustrates the total Canada Student Loan portfolio for loans in-study¹¹ and in-repayment¹² for the guaranteed, risk-shared and direct loan regimes, as of March 31, 2003.



As no new loans are being disbursed under the guaranteed and risk-shared loan regimes, the number and value of direct loans will continue to increase, while the number and value of guaranteed and risk-shared loans will continue to decrease.¹³ Guaranteed loans are expected to be phased out within the next 10 years, while risk-shared loans are expected to be phased out within the next 15 years.¹⁴

A. IN-STUDY PORTFOLIO

In-study guaranteed and risk-shared loans continued to decrease, accounting for only 2% (\$83.8 million) and 23% (\$887.2 million) of the total in-study portfolio, respectively, as of March 31, 2003.

Unlike the value of guaranteed and risk-shared loans, the value of in-study direct loans will continue to increase. In-study direct loans accounted for 75% (\$2.875 billion) of all in-study loans as of March 31, 2003, up from 60% at March 31, 2002. The value of in-study direct loans increased by 20% (\$561 million) above the value at March 31, 2002. **Appendix B** provides further detail on the in-study loan portfolio.

¹¹ "In-study" refers to borrowers who are still attending a post-secondary institution and who have not yet begun repaying their Canada Student Loan. This includes borrowers within six months of their post-secondary end date (i.e., the grace period). During the grace period, interest accrues on borrowers' loans as soon as the borrowers complete their studies, but no payments are required until six months after the completion date.

¹² "In-repayment" refers to borrowers who have completed post-secondary studies and who have begun payments on their Canada Student Loans. This includes borrowers on Interest Relief and Debt Reduction in Repayment.

¹³ Any one borrower may hold one or all types of loans.

¹⁴ Office of the Chief Actuary. Actuarial Report of the Canada Student Loans Program as of July 31, 2002

B. IN-REPAYMENT PORTFOLIO

The value of guaranteed and risk-shared loans in-repayment decreased in comparison to the value at March 31, 2002. Guaranteed loans in-repayment decreased by 24% (\$166 million) and risk-shared loans in-repayment decreased by 6% (\$275 million). These loans will continue to diminish in value as the guaranteed and risk-shared portfolios continue to be phased out.

The value of the direct loans repayment portfolio increased by 53% (\$666 million) in comparison to the value at March 31, 2002. Likewise, the percentage of direct loans in the total repayment portfolio increased, as the guaranteed and risk-shared loans repayment portfolio diminished. On March 31, 2002, direct loans accounted for 10% (\$581 million) of all loans in repayment and increased to 20% (\$1.25 billion) of all loans in repayment by March 31, 2003. **Appendix B** provides further details on the in-repayment portfolio.

5. CANADA STUDENT LOAN DISBURSEMENTS

In the 2002–2003 loan year, an estimated 785,000 full-time students were enrolled in post-secondary institutions in participating Canada Student Loan provinces and territories.¹⁵ There were approximately 9,000 fewer students than in the 2001–2002¹⁶ loan year, when roughly 794,000 full-time students were enrolled. Of those enrolled in 2002–2003, the CSLP assisted approximately 42% of post-secondary students (328,991 full-time student borrowers). This percentage has remained stable since the 2001–2002 loan year, when the CSLP assisted 41% of post-secondary students.

A total of \$1.55 billion in loans was disbursed to 331,763 full-time and part-time student borrowers in the 2002–2003 loan year¹⁷ (Table 1). Although the number of borrowers remained consistent with the 2001–2002 loan year, the value of loans disbursed was approximately 2% higher in the 2002–2003 loan year, resulting in an increase of \$100 in the average full-time student loan amount.

Status	2000-2001			2001-2002			2002-2003		
	No. of Borrowers	Value of Loans (\$M)	Average (\$)	No. of Borrowers	Value of Loans (\$M)	Average (\$)	No. of Borrowers	Value of Loans (\$M)	Average (\$)
Full-Time	343,588	1,564.7	4,554	328,674	1,507.4	4,586	328,991	1,544.7	4,695
Part-Time	2,980	5.4	1,812	2,867	4.9	1,717	2,772	4.6	1,649
Total	346,568	1,570.1	N/A	331,541	1,512.3	N/A	331,763	1,549.2	N/A

Loan Year: August 1 – July 31.

In addition to disbursing loans to borrowers each year, the Government of Canada pays the interest on full-time loans while a borrower is in school. As well, in-study full-time student borrowers do not have to make any payments on the principal of their loan until they have completed their post-secondary studies. In the 2002–2003 loan year, approximately 430,000¹⁸ borrowers received in-study interest subsidies, whereby the Government of Canada subsidized \$139.4 million in loans. Part-time student borrowers must make payments on the interest of their loan while in-study, but no payments are required on the principal of their loan until they are in-repayment.

A. FULL-TIME LOANS

The number of full-time student borrowers remained relatively constant in comparison to the 2001–2002 loan year, with an increase in 317 borrowers. In the 2002–2003 loan year, 328,991 full-time post-secondary students received a Canada Student Loan for a total of \$1.54 billion. The average loan disbursed to each full-time borrower increased slightly, from \$4,586 in 2001–2002 to \$4,695 in 2002–2003 (Table 1).

¹⁵ Quebec, Nunavut and the Northwest Territories do not participate in the CSLP.

¹⁶ Office of the Chief Actuary. Actuarial Report on the Canada Student Loans Program as at July 31, 2002.

¹⁷ A student can be both full-time and part-time within the same loan year. As a result, the direct addition of the number of borrowers may slightly overstate the actual number of students.

¹⁸ This number includes the 328,991 borrowers who received a loan in the 2002–2003 loan year.

Full-Time Loans, by Province/Territory

In the 2002–2003 loan year, Ontario borrowers accounted for the majority of Canada Student Loan borrowers (45%), followed by British Columbia borrowers (19.8%).

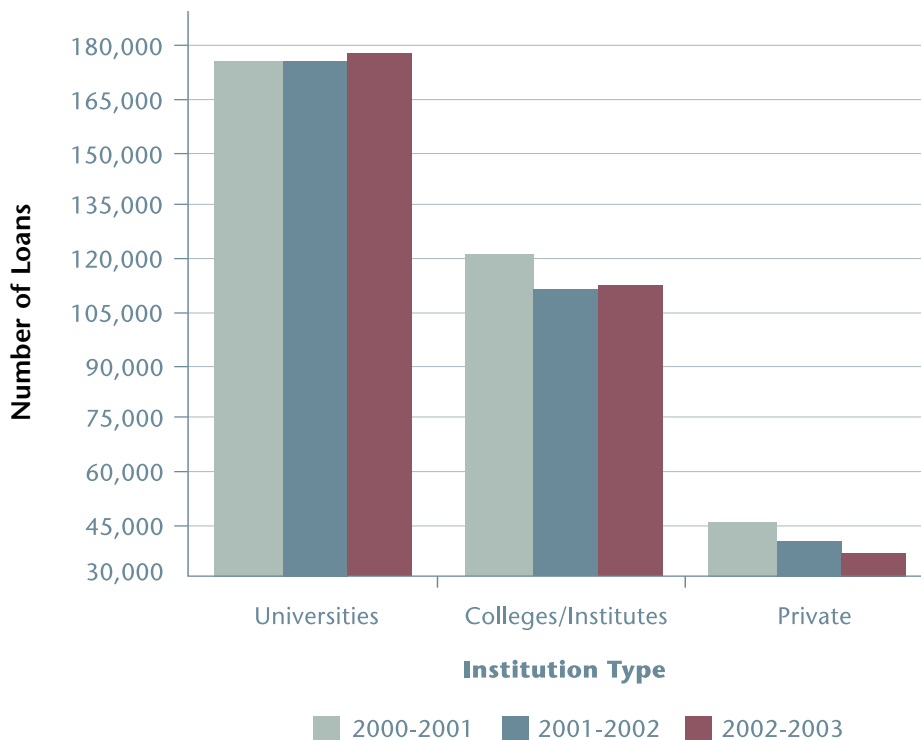
Relative to 2001–2002, Newfoundland had the most significant decrease (9.8%) in the number of borrowers in 2002–2003. Prince Edward Island had the most significant increase in both the number of borrowers and the value of loans disbursed, with a 5.5% and 5.6% increase respectively above the 2001–2002 loan year (Table 2).

Table 2 Full-Time Student Loans by Province/Territory									
	2000–2001			2001–2002			2002–2003		
Province/ Territory	No. of Borrowers	Value of Loans (\$M)	Average (\$)	No. of Borrowers	Value of Loans (\$M)	Average (\$)	No. of Borrowers	Value of Loans (\$M)	Average (\$)
N.L.	15,953	69.5	4,354	13,912	61.3	4,408	12,554	56.2	4,479
P.E.I.	3,047	13.5	4,426	3,068	16.1	5,259	3,238	17.0	5,249
N.S.	16,903	90.7	5,365	17,234	92.9	5,393	16,945	92.5	5,461
N.B.	15,708	77.6	4,938	15,614	77.7	4,978	15,439	77.9	5,046
ONT.	158,256	704.5	4,451	145,287	643.7	4,430	148,195	664.6	4,485
MAN.	10,860	46.9	4,319	10,267	44.5	4,334	9,930	43.4	4,367
SASK.	16,358	78.2	4,779	16,246	79.0	4,861	15,392	74.5	4,841
ALTA.	43,294	184.2	4,254	42,323	181.3	4,284	42,052	187.3	4,454
B.C.	62,953	298.6	4,743	64,467	309.5	4,801	64,993	330.0	5,077
Y.T.	256	1.2	4,691	256	1.3	4,999	253	1.3	5,021
Total	343,588	1,564.7	4,554	328,674	1,507.4	4,586	328,991	1,544.7	4,695

Loan Year: August 1–July 31.

In the 2002–2003 loan year, British Columbia's average loan amount increased most significantly over the previous loan year (from \$4,801 to \$5,077, representing an increase of \$276), followed by Alberta with a \$170 increase in the average loan amount (from \$4,284 to \$4,454). However, borrowers from Nova Scotia continued to have the highest average loan amount (\$5,461). Borrowers in Alberta borrowed the least (\$4,284) (Table 2).

Graph 3
Number of Full-Time Loans Disbursed by Institution Type



Loan Year: August 1–July 31.

Full-Time Loans, by Institution Type

The proportions of Canada Student Loan borrowers attending universities and colleges in the 2002–2003 loan year remained stable in comparison to the 2001–2002 loan year, at 54% and 34% respectively. Although the proportion of private institution borrowers also remained constant in comparison to the 2000–2001 loan year, the number of borrowers attending private institutions decreased by 18%, from 45,632 in the 2000–2001 loan year to 37,440 in the 2002–2003 loan year (**Graph 3**).

Nevertheless, private institution borrowers continued to have the highest average loan (\$5,572).

In comparison to the 2001–2002 loan year, the average loan increased by \$123 for university borrowers, \$84 for college borrowers and \$193 for private institution borrowers. See **Appendix C** for further details.

B. PART-TIME LOANS

In 2002–2003, \$4.6 million was disbursed to 2,772 part-time Canada Student Loan borrowers, accounting for less than 1% of the total borrower population. The numbers decreased slightly in comparison to the 2001–2002 loan year, when 2,867 borrowers received a total of \$4.9 million in loans. The average part-time student loan amount decreased by \$68, from \$1,717 in the 2001–2002 loan year to \$1,649 in the 2002–2003 loan year. This number has remained relatively constant since the 2000–2001 loan year, when the average loan disbursed to part-time borrowers was \$1,812.

Part-Time Loans, by Province/Territory

Alberta continued to have the highest percentage of part-time borrowers (36.6%) in the 2002–2003 loan year, followed by Ontario at 26.3%. New Brunswick had the largest decrease (\$0.41 million) in the value of loans disbursed, compared to the 2000–2001 and 2001–2002 loan years. Yukon and British Columbia borrowers had the highest average loan amounts (\$2,742 and \$2,278, respectively) in the 2002–2003 loan year, compared to the national part-time loan average of \$1,649 (**Appendix D**).

Part-Time Loans, by Institution Type

The number of part-time borrowers attending universities and colleges continued to increase in comparison to the 2000–2001 loan year, while the number of part-time borrowers in private institutions continued to decrease.

In the 2002–2003 loan year, part-time university borrowers accounted for 51.2% of all part-time student borrowers, a 2.6% increase since the 2001–2002 loan year. Part-time college borrowers accounted for 36.3% of all part-time student borrowers in 2002–2003 (a 2.4% decrease since the 2001–2002 loan year), while part-time private institution borrowers accounted for 12.4% of all part-time student borrowers (a 5.2% decrease since the 2001–2002 loan year). However, as in the full-time student portfolio, the average loan disbursed to part-time private institution borrowers remained highest, at an average of \$2,707 per borrower, followed by \$1,545 for university borrowers, and \$1,434 for college borrowers (**Appendix D**).

C. CANADA STUDY GRANTS

Canada Study Grants (CSGs) provide non-repayable assistance to eligible Canada Student Loan borrowers with permanent disabilities, high-need part-time students, high-need students with permanent disabilities, females pursuing doctoral studies and students with dependants (**Table 3**).

In the 2002–2003 loan year, a total of 55,625 CSGs were disbursed, worth roughly \$75.5 million. These numbers represent an increase of 6,895 grants amounting to \$8.1 million since the 2001–2002 loan year. The increase is partly due to the introduction of the new CSG for High-need Students with Permanent Disabilities in August 2002. Approximately 16.8% of all Canada Student Loan borrowers received a CSG in the 2002–2003 loan year, compared to 14.7% in the 2001–2002 loan year. Seventy-eight percent of all CSGs (43,551) were issued to students with dependants, at an approximate value of \$55.4 million.

Students with Permanent Disabilities

The Canada Study Grant for Students with Permanent Disabilities helps students with permanent disabilities meet additional education-related expenses incurred in undertaking post-secondary studies. Students with a permanent disability may qualify for a CSG of up to \$8,000 per loan year to cover exceptional education-related costs associated with their disability.

The CSGs for Students with Permanent Disabilities accounted for 11% of all CSGs issued in the 2002–2003 loan year. A total of 6,038 students, representing 1.7% of all Canada Student Loan borrowers, received a CSG for Students with Permanent Disabilities, for a total of \$13.4 million. As in the 2001–2002 loan year, Ontario had the highest percentage of borrowers receiving the CSGs for Students with Permanent Disabilities, at 2.8% of the total borrowers in that province.

High-need Part-Time Students

The Canada Study Grant for High-need Part-Time Students provides assistance to low-income students who must study part time. Up to \$1,200 per loan year may be available to qualified applicants to help cover education-related costs (such as expenses for tuition, books and child care).

CSGs for High-need Part-Time Students were issued to 4,451 part-time student borrowers for a total of \$3.8 million, accounting for approximately 8% of all CSGs. These figures remained relatively stable in comparison to the 2001–2002 loan year, when 4,786 part-time student borrowers received a CSG for High-need Part-Time Students for a total of \$4.1 million.

The number of students receiving the CSG for High-need Part-time Students exceeded the number of students receiving part-time student Canada Student Loans (4,451 as compared to 2,980). This means that grant funding was sufficient to cover all of the assessed needs of 1,471 part-time students. As a result, part-time loans were not required.

High-need Students with Permanent Disabilities

In August 2002, this grant was introduced to assist full-time and part-time students with permanent disabilities who have exhausted the maximum assistance allowed by both federal and provincial/territorial student financial assistance programs. This grant assists in covering the cost of tuition, books and other education-related expenses, up to \$2,000 per loan year.

In the 2002–2003 loan year, 1,364 CSGs for High-need Students with Permanent Disabilities were issued at a total value of \$2.2 million, accounting for 2.5% of all CSGs

Females Pursuing Doctoral Studies

The Canada Study Grant for Females Pursuing Doctoral Studies assists female students in certain PhD programs in which women are traditionally under-represented. Grants of up to \$3,000 per loan year (for a maximum of three years) are available to qualified applicants.

CSGs for Females Pursuing Doctoral Studies were issued to 221 borrowers in the 2002–2003 loan year for a total of \$634,185. These numbers remained stable in comparison to the 2001–2002 loan year.

Students with Dependants

In August 1998, the Canada Study Grant for Students with Dependants was introduced to help full-time and part-time students with dependants. Eligible students may qualify for grants of up to \$3,120 per loan year. In the 2002–2003 loan year, \$55.4 million in CSGs for Students with Dependants were issued to 43,551 Canada Student Loan borrowers, accounting for approximately 78% of the CSG portfolio. These figures increased in comparison to the 2001–2002 loan year, when 38,445 grants were issued to students with dependants for an approximate total value of \$50.4 million, accounting for 79% of the total CSG profile.

Table 3
Canada Study Grant Expenditures for the 2002-2003 Loan Year

Province/ Territory	Students with Dependants (Full-Time and Part-Time)		Students with Permanent Disabilities		High-need Students with Permanent Disabilities		High-need Part-Time Students		Females Pursuing Doctoral Studies		Total	
	#	\$ Value	#	\$ Value	#	\$ Value	#	\$ Value	#	\$ Value	#	\$ Value
N.L.	638	865,656	34	155,134	19	27,520	9	8,711	3	9,000	703	1,066,021
P.E.I.	172	203,443	59	165,255	2	2,235	189	171,988	3	9,000	425	551,921
N.S.	1,262	1,793,932	266	1,089,154	0	0	67	72,255	3	9,000	1,598	2,964,341
N.B.	1,253	1,722,190	71	269,347	22	33,747	24	24,381	13	36,545	1,383	2,086,210
ONT.	19,855	26,889,565	4,141	7,348,921	761	1,228,253	410	358,770	92	256,958	25,259	36,082,467
MAN.	1,162	1,533,007	97	344,499	18	26,813	37	37,620	3	9,000	1,317	1,950,939
SASK.	2,300	4,076,482	198	782,674	88	131,650	134	154,889	7	21,000	2,727	5,166,695
ALTA.	5,155	7,265,320	292	926,344	13	22,995	971	721,718	12	36,000	6,443	8,972,377
B.C. & Y.T.	11,754	11,100,120	880	2,302,340	441	740,051	2,610	2,280,120	85	247,682	15,770	16,670,314
Total	43,551	55,449,715	6,038	13,383,668	1,364	2,213,264	4,451	3,830,452	221	634,185	55,625	75,511,284

Loan Year: August 1–July 31.

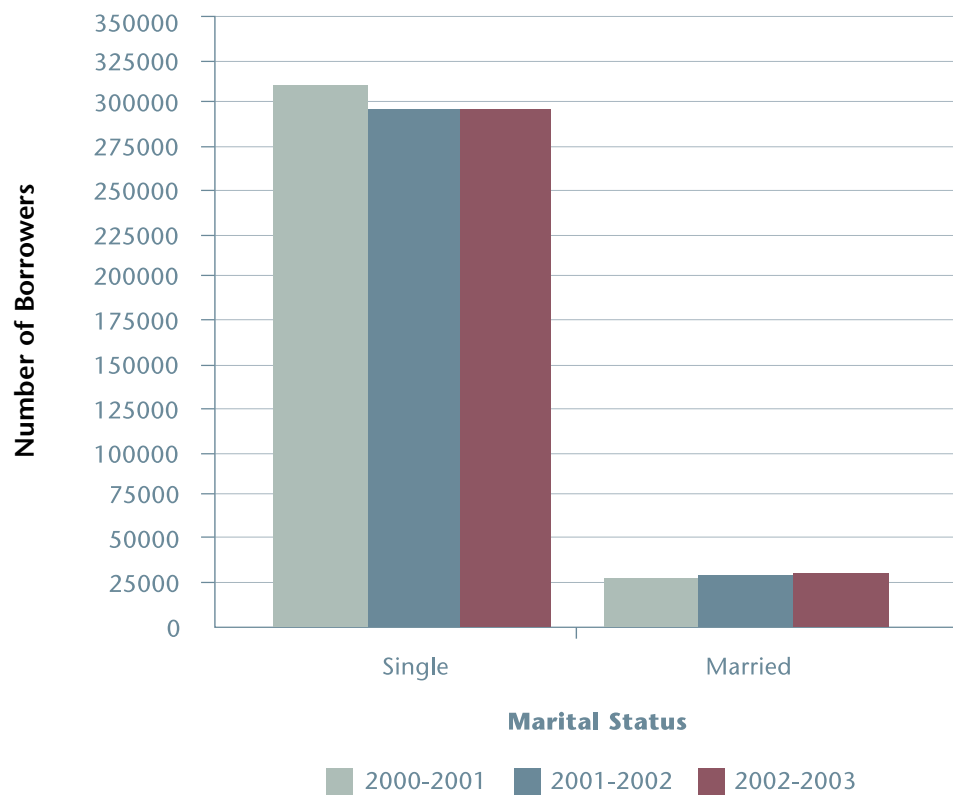
Note: Excludes grants awarded by provincial/territorial governments or equivalent CSGs awarded by non-participating provincial or territorial governments.

6. DEMOGRAPHIC PROFILE OF CANADA STUDENT LOAN BORROWERS

A. BORROWERS BY MARITAL STATUS

Full-time student Canada Student Loan borrowers were more likely to be single (90%) than married (10%) in the 2002–2003 loan year (Graph 4).

Graph 4
Marital Status of Full-Time Borrowers



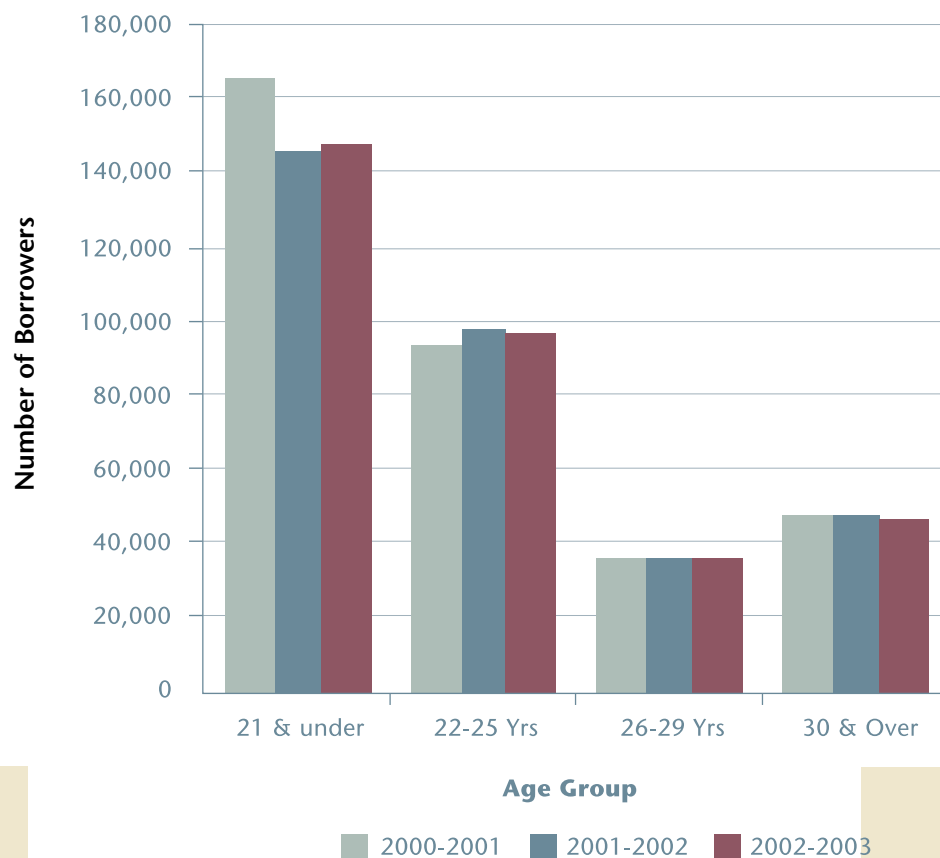
Loan Year: August 1 – July 31.

Although most part-time student borrowers were also single (70%), this number was considerably lower than the percentage of full-time borrowers who were single. In the 2002–2003 loan year, 19% of all part-time borrowers were married, while the remaining 11% did not indicate their marital status. The average loan amount was higher for those who were married (\$5,343 for full-time student borrowers and \$1,723 for part-time student borrowers) than for those who were single (\$4,624 for full-time student borrowers and \$1,631 for part-time student borrowers). See **Appendix E** for data on the marital status of full-time and part-time student borrowers.

B. BORROWERS BY AGE

Graph 5 shows that in the 2002–2003 loan year, there were modest or no changes in the number of full-time student borrowers in most age categories. The majority of Canada Student Loan borrowers were under the age of 25. Approximately 45% (148,144) of full-time student borrowers were 21 and under, and 30% (97,059) were between the ages of 22 and 25. Full-time student borrowers between the ages of 26 and 29 accounted for approximately 11% (36,554) of Canada Student Loan borrowers, and those over the age of 30 accounted for 14% (47,264). Interestingly, the average loan amount for full-time student borrowers increased with age. Full-time student borrowers over the age of 30 took out an average loan of \$5,426, while those 21 and under took out an average loan of \$4,210. This variation can be explained by several factors. Older borrowers tend to be classified as Independents, so their parents' income is not included in their resources, while younger borrowers are more likely to be classified as dependent, so the amount of their loan could be reduced by their expected parental contributions. Second, older borrowers are more likely to be enrolled in graduate-level studies, where tuition fees and other expenses are higher. Third, older borrowers are more likely to live away from home than younger borrowers are and therefore receive higher loans to cover living expenses. Lastly, older students are more likely to have children and as such would have higher expenses and receive higher loans.

Graph 5
Full-Time Borrowers by Age



Loan Year: August 1 – July 31.

Approximately 32% (890) of part-time student borrowers were over the age of 30, while 27.5% (762) were 21 and under. The average loan amount per part-time student borrower was the highest for those over the age of 30 (\$1,690), and lowest for those between the ages of 22 and 25 (\$1,612). **Appendix E** provides detailed information on the ages of borrowers.

C. BORROWERS BY GENDER

The number of women receiving full-time Canada Student Loans continued to outnumber men. In the 2002–2003 loan year, women comprised 58.8% of the full-time student borrowers portfolio, while men comprised 41.2%. The average full-time loan disbursed to women (\$4,733) continued to exceed that of men (\$4,641).

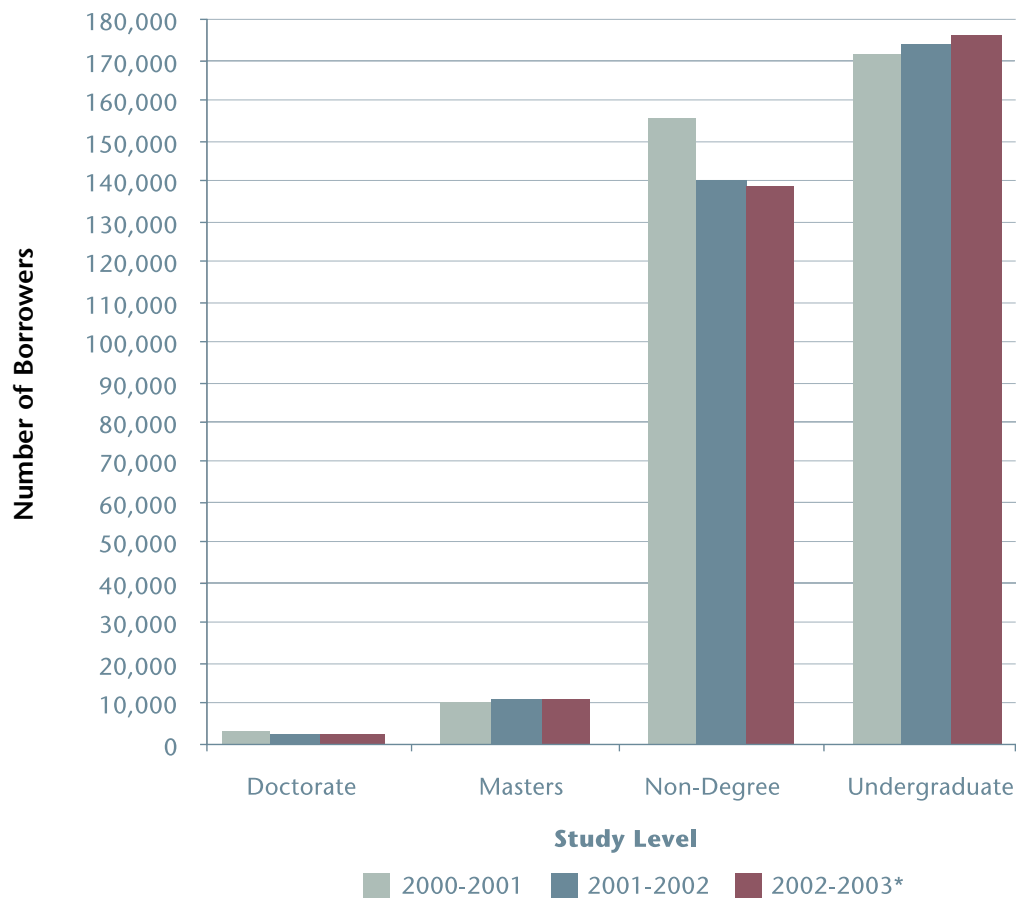
Similarly, the number of women receiving part-time student Canada Student Loans also exceeded the number of men receiving such loans. Approximately 65% of part-time student borrowers were women, and 34.8% were men. However, the average part-time loan amount was higher for men (\$1,684) than it was for women (\$1,630) (**Appendix E**).

D. BORROWERS BY STUDY LEVEL

The majority of full-time student borrowers (54%) were enrolled in undergraduate programs. However, approximately 42% of full-time student borrowers were enrolled in programs issuing certificates (or non-degree-granting programs) at private institutions, colleges or universities (**Graph 6**).

Unlike full-time student borrowers, the percentage of part-time student borrowers enrolled in undergraduate programs was 45%, while part-time student borrowers enrolled in non-degree granting programs accounted for 53% of the total part-time student portfolio. These figures remained stable in comparison to the 2001–2002 loan year.

Graph 6
Full-Time Borrowers by Study Level



Loan Year: August 1 – July 31.

E. MOBILITY OF BORROWERS

The CSLP assists borrowers in accessing the post-secondary institution of their choice by allowing Canada Student Loans to move freely between provinces and territories.

Table 4 shows that 88.6% of all Canada Student Loan borrowers remained in their home province/territory to study, while 11.4% of borrowers (37,520) studied outside their home province/territory. Overall borrower mobility has decreased slightly over the past loan year (from 11.7%).

Ontario borrowers were the most likely (93.8%) to remain in their home province/territory to study, followed by borrowers in British Columbia (88.1%).

Mobility is especially important in provinces and territories with few post-secondary institutions. Increased mobility rates in certain provinces and territories can be explained by the fact that there may be fewer post-secondary institutions offering limited programs in a given province/territory, as well as borrower preference for specific institutions outside their home province/territory. For instance, 88.1% of all Yukon borrowers (223 out of 253) studied outside the territory. Borrowers from Prince Edward Island remained the second most mobile borrowers in Canada, with approximately 40.6% studying outside their home province.

Table 4
Borrowers' Mobility vs. Province/Territory

Provinces/ Territory	2001 – 2002 Loan Year					2002 – 2003 Loan Year				
	Borrowers Remaining in Their Home Province		Borrowers Moving Outside Their Home Province		Total	Borrowers Remaining in Their Home Province		Borrowers Moving Outside Their Home Province		Total
	No. of Borrowers	% of Total	No. of Borrowers	% of Total		No. of Borrowers	% of Total	No. of Borrowers	% of Total	
N.L.	11,120	79.9	2,792	20.1	13,912	10,268	81.8	2,286	18.2	12,554
P.E.I.	1,739	56.7	1,329	43.3	3,068	1,923	59.4	1,315	40.6	3,238
N.S.	13,962	81.0	3,272	19.0	17,234	13,765	81.2	3,180	18.8	16,945
N.B.	11,924	76.4	3,690	23.6	15,614	11,910	77.1	3,529	22.9	15,439
ONT.	135,954	93.6	9,333	6.4	145,287	139,006	93.8	9,189	6.2	148,195
MAN.	8,591	83.7	1,676	16.3	10,267	8,401	84.6	1,529	15.4	9,930
SASK.	12,982	79.9	3,264	20.1	16,246	12,243	79.5	3,149	20.5	15,392
ALB.	36,787	86.9	5,536	13.1	42,323	36,644	87.1	5,408	12.9	42,052
B.C.	57,109	88.6	7,358	11.4	64,467	57,281	88.1	7,712	11.9	64,993
Y.T.	39	15.2	217	84.8	256	30	11.9	223	88.1	253
Total	290,207	88.3	38,467	11.7	328,674	291,471	88.6	37,520	11.4	328,991

Loan Year: August 1–July 31.

Table 5 shows that borrowers from the Atlantic provinces who left their home province to study tended to remain in Atlantic Canada or studied in Ontario. Similarly, mobile borrowers in western Canada also tended to stay within western Canada, or attended post-secondary institutions in Ontario.

Of the 6.2% of borrowers from Ontario who attended post-secondary institutions outside their home province, 18% pursued studies in Quebec, 11% in Nova Scotia and 10% in B.C.

Mobility, by Institution Type

Canada Student Loan borrowers who attended university were the most mobile (15.1%), followed by private institution borrowers at 12.1%. College borrowers were the least mobile, with only 5.4% moving outside their home province/territory to study. These percentages remained stable in comparison to the 2001–2002 loan year. See **Appendix F** for further details.

Mobility, by Age Group

Borrowers between the ages of 26 and 29 were the most mobile (15.3%), followed by borrowers aged 22 to 25 years old (14.3%). Borrowers 21 years and under and borrowers over the age of 30 were least mobile (9.3% and 8.9% respectively).

**Table 5
Mobility of Canada Student Loan Borrowers – Province to Province
2002-2003 Loan Year**

Province/ Territory of issue	Canada										Province/Territory of study					U.S.A.	Rest of the World	Total
	N.L.	P.E.I.	N.S.	N.B.	ONT.	MAN.	SASK.	ALTA.	B.C.	Y.T.	QUE.	N.W.T.	Canada					
N.L.	10,268	106	996	381	479	22	19	111	44	0	59	0	12,485	49	20	12,554		
P.E.I.	30	1,923	538	424	170	10	**	25	25	0	35	0	3,187	39	12	3,238		
N.S.	105	308	13,765	1,218	768	19	28	127	79	**	191	**	16,610	275	60	16,945		
N.B.	81	227	1,455	11,910	775	23	20	81	52	**	584	0	15,210	192	37	15,439		
ONT.	122	50	1,005	363	139,006	301	150	691	945	0	1,656	**	144,290	2,967	938	148,195		
MAN.	**	0	70	16	384	8,401	191	353	138	**	73	0	9,629	262	39	9,930		
SASK.	**	**	103	13	288	222	12,243	1,908	256	0	79	0	15,125	227	40	15,392		
ALTA.	36	12	359	89	1,457	222	501	36,644	1,277	**	297	**	40,901	894	257	42,052		
B.C.	38	10	328	128	2,258	261	340	2,631	57,281	**	491	0	63,774	838	381	64,993		
Y.T.	0	**	**	**	20	**	**	78	85	30	**	0	238	11	**	253		
Total	10,690	2,642	18,628	14,543	145,605	9,482	13,505	42,649	60,182	48	3,472	**	321,449	5,754	1,788	328,991		

Loan Year: August 1-July 31.

**Counts lower than 10 have been suppressed for privacy reasons.

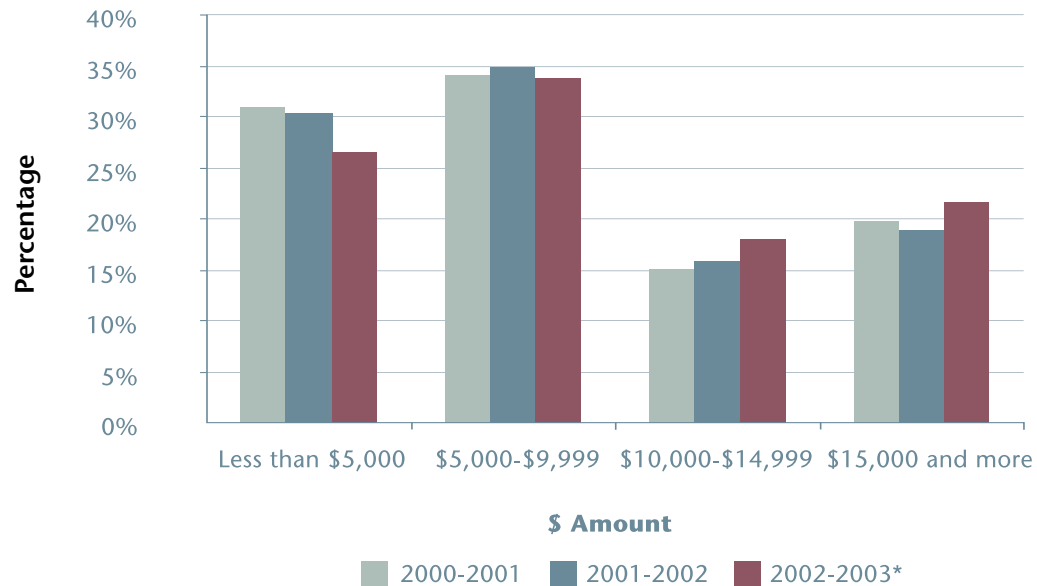
7. MANAGING THE LOAN REPAYMENT PROCESS

Full-time student borrowers must begin repaying their Canada Student Loan six months after they have completed their studies. Once they have finished their studies, interest begins to accrue on the loan, but no payment is required until the end of the six-month grace period.

A. AVERAGE CANADA STUDENT LOAN INDEBTEDNESS

Indebtedness refers to the amount a borrower owes in Canada Student Loans once he or she has entered repayment. Average indebtedness in the 2002–2003 loan year was \$10,265, which was \$726 higher than the level of indebtedness in the 2001–2002 loan year. The proportion of borrowers with indebtedness of \$10,000 or less was 61%, down from 65% in the 2001–2002 loan year (**Graph 7**). **Appendix G** provides detailed information on indebtedness.

Graph 7
Distribution of CSLP Indebtedness



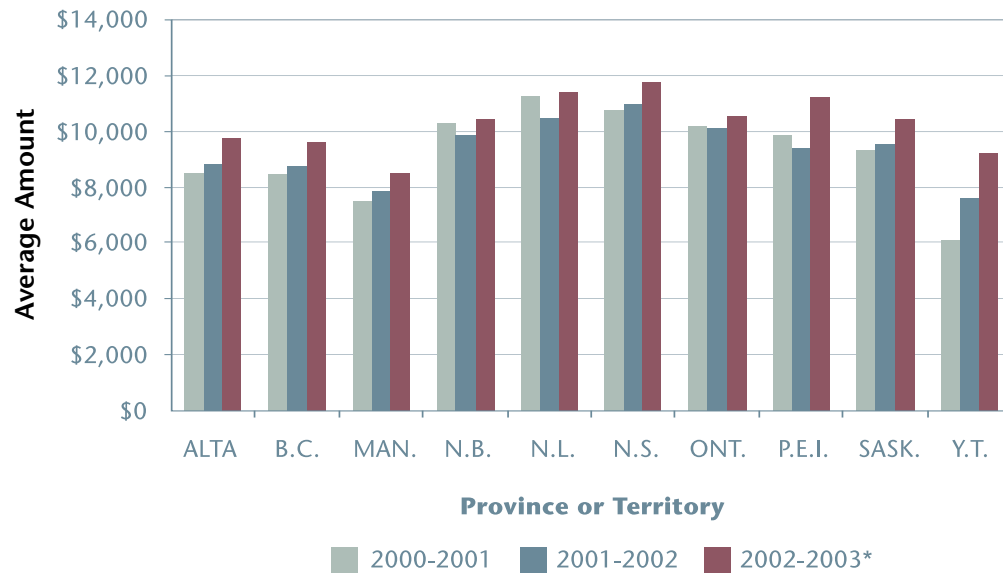
Loan Year: August 1 – July 31.
*2002-2003 numbers are preliminary.

Indebtedness, by Province/Territory

In the 2002–2003 loan year, Alberta, British Columbia, Manitoba and Yukon had an average indebtedness under the national average of \$10,265.

Graph 8 shows that Manitoban borrowers owed the least at consolidation (\$8,530), while Nova Scotian borrowers owed the most at consolidation (\$11,768).

Graph 8
Average Indebtedness, by Province/Territory



Loan Year: August 1 – July 31.
*2002-2003 numbers are preliminary.

Average indebtedness increased in all provinces/territory in comparison to the 2001–2002 loan year. Prince Edward Island and Yukon had the largest increases (\$1,804 and \$1,550, respectively). Ontario and New Brunswick had the lowest increases (\$412 and \$580, respectively). See **Appendix G** for details.

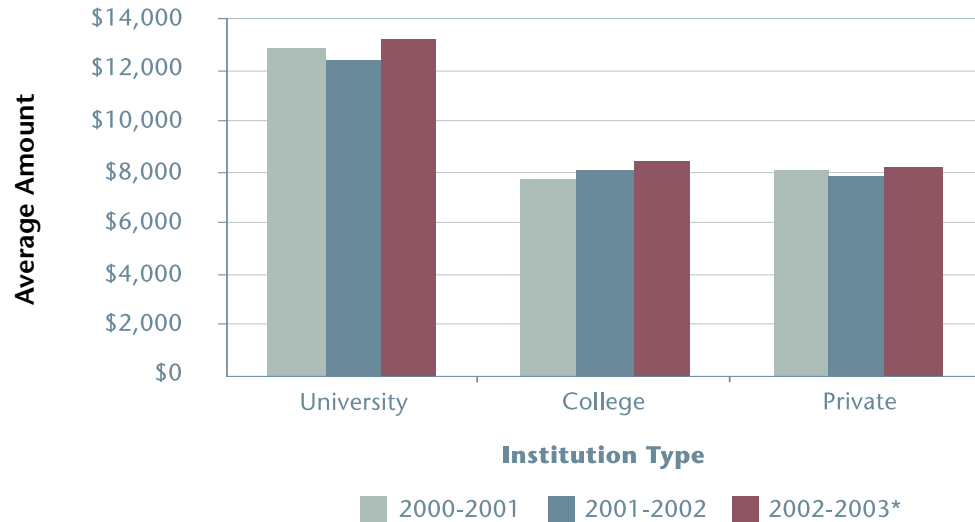
Indebtedness, by Institution Type

In the 2002–2003 loan year, average indebtedness for university borrowers was \$13,257, \$2,992 higher than the overall national average of \$10,265 (**Graph 9**). Average indebtedness for university borrowers increased by \$821 in comparison to the 2001–2002 loan year.

Average indebtedness for college borrowers was \$8,373, \$1,892 lower than the overall national average. Indebtedness for college borrowers increased by \$326 in comparison to the 2001–2002 loan year.

In comparison to the 2001–2002 loan year, the average debt for private institution borrowers increased by \$356 (**Appendix G**).

Graph 9
Average Indebtedness, by Institution Type



Loan Year: August 1 – July 31.
*2002-2003 numbers are preliminary.

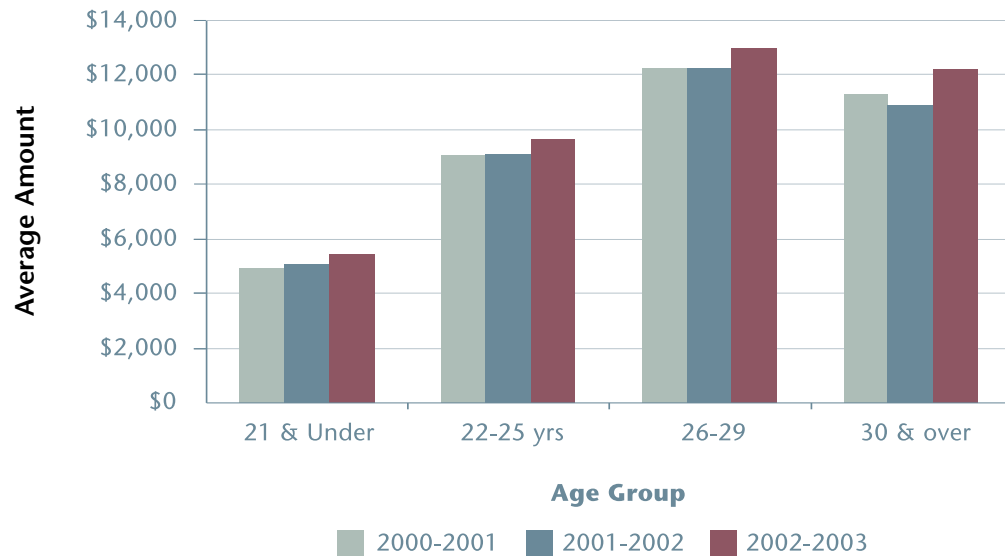
Indebtedness, by Age Group

Average indebtedness increased with age, up to the age of 30. Borrowers 30 and over had slightly less debt than borrowers between the ages of 26 and 29 years old. Borrowers aged 25 and under had less indebtedness than the national average debt at consolidation. **Graph 10** illustrates that those under 21 had an average debt of \$5,452, and borrowers between 22 and 25 had an average debt of \$9,607 at consolidation, compared to the national average of \$10,265. **Appendix G** provides detailed information on indebtedness.

Indebtedness by Gender

The average indebtedness was \$379 higher for women than it was for men. In comparison to the 2001–2002 loan year, average indebtedness increased by \$749 for women and by \$700 for men (**Appendix G**).

**Graph 10
Average Indebtedness, by Age Group**



Loan Year: August 1 – July 31.

B. INTEREST RELIEF

Interest Relief (IR) is a debt management tool that provides short-term relief to borrowers facing temporary financial difficulties in repaying their Canada Student Loans. Borrowers who receive IR are not required to make any payments, of interest or principal, on their Canada Student Loans for periods of six months at a time. Interest does not accrue on the loans while a borrower is receiving the benefit. Borrowers may apply for up to 30 months of IR at any time during their loan repayment period. In addition, borrowers who use up the 30 months of IR may be eligible for up to an additional 24 months of IR within the first five years of leaving studies.

In the 2002–2003 loan year, 134,186 borrowers applied for IR, and 128,235 applicants (96%) qualified for the measure. The number of IR recipients continued to decline for the third year, from 154,895 in 2000–2001 and 140,461 in 2001–2002, to 128,235 in 2002–2003 (Table 6).

Loan Year	No. of Applicants	Qualifying Borrowers	Average Months	Average Outstanding Principal (\$)
2001-2002	146,285	140,461	6.41	12,557
2002-2003	134,186	128,235	7.15	13,540

Loan Year: August 1–July 31.

Although the number of IR recipients decreased, the cost of IR increased marginally (Table 7). This rise could be attributed to two factors: on average, borrowers remained on IR for a longer period (7.15 months in 2002–2003, compared to 6.41 months in 2001–2002); and the average outstanding principal of IR recipients, at \$13,540, was nearly \$1,000 higher in 2002–2003 than in 2001–2002.

Loan Year	IR Recipients	IR Dollars (\$M)
2000-2001	154,895	106.8
2001-2002	140,461	76.7
2002-2003	128,235	77.2

Loan Year: August 1–July 31.

Interest Relief Recipients, by Institution Type

College borrowers were most likely to be receiving IR and accounted for 39% of all IR recipients. Next were university borrowers, who accounted for 36% of IR recipients. Private institution borrowers accounted for the remaining 25%. The distribution of IR funds to borrowers who attended different institution types remained stable in comparison to the 2001–2002 loan year. **Appendix H** provides further details.

Interest Relief Recipients, by Age

Most borrowers receiving IR were over the age of 30 (37%), accounting for the highest number of IR recipients (**Appendix H**). The percentage of borrowers on IR within each age group remained stable in comparison to the 2001–2002 loan year. However, the number of IR recipients decreased, since fewer borrowers qualified for the IR program.

Interest Relief Recipients, by Gender

Disproportionately more female than male Canada Student Loan borrowers received IR. While females accounted for 59% of CSLP borrowers in the 2002–2003 loan year, the proportion of female IR recipients was 63% that loan year. Men accounted for 41% of borrowers and 37% of IR recipients (**Appendix H**).

C. DEBT REDUCTION IN REPAYMENT

In 1998, Debt Reduction in Repayment (DRR) was introduced as a targeted debt management measure to help borrowers who have exhausted Interest Relief and who continue to experience exceptional long-term financial difficulty in meeting their Canada Student Loan repayment obligations. DRR reduces the principal of a borrower's Canada Student Loan, eliminating a potentially significant portion of the loan, while also reducing the borrower's monthly loan payment to an affordable level, relative to his or her income. Borrowers may be eligible for a maximum reduction of \$10,000 or 50% of the principal of the loan, whichever is less.

In the 2002–2003 loan year, 1,523 Canada Student Loan borrowers benefited from DRR, at a total cost of \$8.6 million (Table 8). The rise in the number of DRR recipients (from 614 in 2000–2001 to 876 in 2001–2002 and 1,523 recipients in 2002–2003) indicates that the program is maturing. The rate of increase is expected to continue for a few more years before the program reaches a steady state.

Table 8 Debt Reduction in Repayment Recipients and Dollar Amount		
Loan Year	DRR Recipients	DRR Amount (\$)
2000-2001	614	2,958,661
2001-2002	876	5,316,825
2002-2003	1,523	8,619,736
Loan Year: August 1 – July 31.		

D. CANADA STUDENT LOAN DEFAULTS

For the purpose of calculating default rates, under the guaranteed and risk-shared regimes, a Canada Student Loan is deemed in default when payments are in arrears for three months or more. Directly financed Canada Student Loans are deemed in default when payments are in arrears 270 days.

Three-Year Blended Default Rates

The three-year blended default rate is the proportion of the amount entering repayment that the CSLP anticipates will default within three years of consolidation. Although default on a loan may occur anytime during repayment (normally 10 years), the cut-off of three years is based on the fact that most defaults (more than 75%) occur within three years of consolidation.

The blended default rates for the three regimes (guaranteed, risk-shared and direct loans) are calculated using a weighted average based on the loan value at consolidation under the three regimes. As well, the default rates only represent the federal portion of defaulted loans.

The actual three-year blended default rates can be calculated only up to consolidations during the 2000–2001 and 2001–2002 loan years, as the full three years' data are currently available for those years. For 2002–2003, the three-year rates are anticipated based on defaults by the end of 2001–2002 loan year.

Table 9
Three Year Blended Canada Student Loan Default Rates

Province/ Territory	Blended Guaranteed and Risk-Shared Default Rates				Direct Loan Default Rates			Blended Guaranteed, Risk-Shared and Direct Loan Default Rates			
	1999-2000	2000-2001	2001-2002 P	2002-2003 F	2000-2001	2001-2002 P	2002-2003 F	1999-2000	2000-2001	2001-2002 P	2002-2003 F
CANADA	23.64%	22.44%	15.64%	17.01%	42.84%	37.06%	28.06%	23.64%	23.05%	24.98%	24.13%
B.C.	26.01%	25.24%	17.57%	20.14%	33.95%	39.84%	31.78%	26.01%	25.48%	29.22%	28.55%
ALTA.	17.80%	19.73%	12.53%	16.43%	38.57%	33.61%	24.41%	17.80%	20.50%	22.09%	21.68%
SASK.	22.87%	23.82%	14.62%	21.17%	42.43%	38.88%	35.67%	22.87%	24.53%	26.03%	30.94%
MAN.	22.18%	20.77%	14.07%	15.49%	53.50%	40.25%	30.59%	22.18%	21.95%	26.62%	25.96%
ONT.	25.09%	22.60%	15.48%	15.51%	44.07%	35.37%	24.61%	25.09%	23.16%	23.18%	20.93%
N.B.	23.75%	23.03%	17.50%	20.34%	42.55%	37.21%	32.59%	23.75%	23.69%	27.32%	28.85%
N.S.	22.85%	24.00%	18.08%	22.42%	47.19%	39.03%	34.30%	22.85%	24.61%	27.51%	30.05%
P.E.I.	23.71%	19.75%	22.78%	17.23%	43.74%	33.52%	26.91%	23.71%	21.05%	27.73%	23.90%
N.L.	30.91%	30.33%	27.03%	17.10%	52.99%	44.31%	28.49%	30.91%	31.49%	34.45%	24.20%
	1999-2000	2000-2001	2001-2002	2002-2003	2000-2001	2001-2002	2002-2003	1999-2000	2000-2001	2001-2002	2002-2003
University	14.42%	14.09%	12.24%	15.07%	28.04%	24.26%	16.91%	14.42%	14.33%	15.88%	15.94%
College	27.67%	22.83%	19.46%	20.82%	45.32%	38.22%	27.13%	27.67%	23.92%	29.22%	25.50%
Private	38.69%	33.24%	25.33%	20.85%	61.43%	49.42%	48.81%	38.69%	34.09%	40.55%	43.88%

Loan Year: August 1 – July 31.

Notes:

1. A loan is deemed in default when it is in arrears for three or more months under the guaranteed and risk-shared lending regimes, and when it is in arrears for more than 270 days under the direct lending regime.
2. The three-year default rate is defined as the ratio of the cumulative amount of all loans deemed in default for the period covering the year of consolidation and the subsequent two loan years to the total amount of all loans consolidated in that year.
3. A loan year runs from August 1 to July 31 of the following year.
4. Risk-shared default rates from 2000-2001 onwards were estimated using 2003 data from only the Royal Bank and CIBC. Data from the Bank of Nova Scotia were not available.

F: Forecast

P: Preliminary

Table 9 shows that the overall anticipated blended default rate (for direct, risk-shared and guaranteed loans) across Canada in the 2002-2003 loan year was 24.13% and that it decreased in comparison to the 2001-2002 loan year. In the 2002-2003 loan year, the anticipated three-year blended default rate was 15.94% for borrowers who attended university, 25.5% for those who attended college and 43.88% for those attending private institutions.

Once a borrower's loan is in default, collection activities begin. Loans that cannot be collected are written off.

E. CSLP PROVISION RATE

In accordance with generally accepted accounting principles, a provisional account entitled Bad Debt Expense has been created to offset potential future losses related to the disbursement of Canada Student Loans through direct financing. The amount of funds to be transferred to the Bad Debt

Expense is calculated by multiplying the value of disbursed loans in a given period by that year's provision rate. The provision rate is determined by using the best-estimate of losses in light of past experience, current conditions, and future expectations of three elements of the CSLP: Bad Debt, Interest Relief, and Debt Reduction in Repayment. (See definitions below). These three elements total 15.2% of the loan amount disbursed in the 2001–2002¹⁹ loan year.

The Office of the Chief Actuary (OCA) of Canada developed the provision rate on behalf of the CSLP.

Bad Debt: While in repayment, some Canada Student Loans go into default. Forty-five percent of the defaulted amount is recovered, while the remainder is written off. It is estimated that 11.3% of the amount disbursed will eventually be written off.

Interest Relief: While on Interest Relief (IR), borrowers are not required to make payments of interest or principal on their Canada Student Loan. The OCA has estimated that the Government of Canada will eventually have to pay about 3.2% of the amount disbursed as the interest cost for IR.

Debt Reduction in Repayment: It is estimated that 0.7% of the loan amount disbursed will be eventually forgiven through DRR.

¹⁹ Office of the Chief Actuary. *Actuarial Review of the Canada Student Loans Program as at July 31, 2002.*

8. FINANCIAL DATA

A. CANADA STUDENT LOAN FINANCIAL TABLES²⁰

All data in this section represents the fiscal year (April 1, 2002– March 31, 2003)

Reporting Entity

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

Basis of Accounting

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

Specific Accounting Policies

Revenues

Two sources of revenue are reported: interest revenue on direct loans and recoveries on direct, guaranteed and put-back loans. Government accounting practices require that recoveries from both sources be credited to the government's Consolidated Revenue Fund. They do not appear along with the expenditures in the CSLP accounts, but are reported separately in the financial statements of Human Resources and Skills Development Canada (HRSDC) and the Government.

- **Interest Revenue on Direct Loans** - Student borrowers are required to pay simple interest on their student loans once they leave full-time studies. At the time they leave school, students have the option of selecting a variable (prime + 2.5%) or fixed (prime + 5%) interest rate. The amounts in the figures represent the interest accrued on the outstanding balance of the government-owned direct loans. Borrowers continue to pay the interest accruing on the guaranteed and risk-shared loans directly to the private lender holding these loans.
- **Recovery of Interest on Direct Loans** - The amounts in the figures represent the recovery of interest on defaulted direct loans.
- **Recoveries on Guaranteed Loans** - The government reimburses the private lenders for any loans issued prior to August 1, 1995 that go into default (i.e., lenders claim any amount of principal and interest not repaid in full). The amounts in the figures represent the recovery of principal and interest on these defaulted loans.

²⁰ Human Resource Development Canada Performance Report for the Period Ending March 31, 2003. This document can be found at: http://www.tbs-sct.gc.ca/rma/dpr/02-03/HRDC-DRHC/HRDC-DRHC03D_e.asp

- **Recoveries on Put-back Loans** - Under the risk-shared agreements, the government will purchase from the participating financial institutions any loans issued between August 1, 1995 to July 31, 2000 that are in default of payments for at least twelve months after the period of study, that in aggregate, do not exceed 3% of the average monthly balance of the lender's outstanding student loans in repayment. The amount paid is set at 5% of the value of the loans in question. The recoveries amounts in the figures represent the recovery of principal and interest, less any refund made to participating financial institutions.

Canada Study Grants

Canada Study Grants improve access to post-secondary education by providing non-repayable financial assistance to post-secondary students with particularly high levels of need. Five grants are available to assist: (1) students with permanent disabilities in order to meet disability-related educational expenses (up to \$8,000 annually); (2) students with dependants (up to \$3,120 annually); (3) high-need part-time students (up to \$1,200 annually); (4) females pursuing doctoral studies (up to \$3,000 annually for up to three years); and (5) high-need students with permanent disabilities (up to \$2,000 annually).

Collection Costs

These amounts represent the cost of using private collection agencies to collect defaulted Canada Student Loans. The loans being collected include: risk-shared and guaranteed loans that have gone into default and for which the government has reimbursed the private lender; and direct loans issued after July 31, 2000, that are returned to HRSDC by the third party service provider as having defaulted.

Interim Arrangements

As noted in the introduction to this section, interim contracts were entered into with the former risk-shared loan lenders to disburse full-time direct loans on the government's behalf until February 28, 2001. At that time, the government reimbursed the lenders 85% of the loan principal they had advanced during the interim period. The remaining 15% was reimbursed to the lenders at a later date. These contracts also called for remuneration in the form of transaction fees and the interest on funds advanced on behalf of the government. Another contract was entered into with Canada Post for the delivery of direct loans to part-time students. The interest cost to financial institutions (interim) and transition fees to financial institutions (interim) items identify the cost of these interim arrangements.

- **Interest Cost to Financial Institutions (Interim)** - This expense represents the interest costs, calculated at prime, paid by the CSLP on a monthly basis to the lending institutions on the outstanding advances made to full-time students with direct loans.
- **Transition Fees to Financial Institutions (Interim)** - This expense represents the cost of transaction fees paid by the CSLP during the interim period for each fully completed full-time loan made to the student by the participating lending institutions. Transition fees also include payments made to Canada Post for each fully completed part-time loan made during the interim period. The cost is calculated on the basis of certificates of eligibility negotiated by the student.

Service Bureau Costs

As of March 1, 2001, the CSLP uses third party Service Providers to administer direct loans disbursement, in-study loan management and post-studies repayment activities. This item represents the cost associated with these contracted services.

Risk Premium

Risk premium represents part of the remuneration offered to lending institutions participating in the risk-shared program from August 1, 1995 to July 31, 2000. The risk premium is 5% of the value of loans being consolidated (normally the value of loans issued to students), being calculated and paid at the time students leave studies and go into repayment. In return, the lenders assumed risk associated with non-repayment of these loans.

Put-Back

Subject to the provisions of the contracts with lending institutions, the government will purchase from a lender the student loans that are in default of payment for at least twelve months and that, in aggregate, do not exceed 3% of the average monthly balance of the lender's outstanding student loans in repayment. The amount paid is set at 5% of the value of the loans in question.

Administrative Fees to Provinces and Territories

Pursuant to the *Canada Student Financial Assistance Act (CSFAA)*, the government has entered into arrangements with participating provinces and the Yukon to facilitate the administration of the CSLP. They administer the application and need assessment activities associated with federal student financial assistance and in return they are paid an administrative fee.

In-Study Interest Borrowing Expense

The capital needed to issue the direct loans is raised through the Department of Finance's general financing activities. The cost of borrowing this capital is recorded in the Department of Finance's overall financing operations. The amounts in the figures represent the cost attributed to the CSLP in support of Direct Loans while students are considered in study status.

In-Repayment Interest Borrowing Expense

The capital needed to issue the direct loans is raised through the Department of Finance's general financing activities. The cost of borrowing this capital is recorded in the Department of Finance's overall financing operations. The amounts in the figures represent the cost attributed to the CSLP in support of Direct Loans while students are considered in repayment status.

In-Study Interest Subsidy

A central feature of federal student financial assistance is that student borrowers are not required to pay the interest on their student loans as long as they are in full-time study and, in the case of loans negotiated prior to August 1, 1993, for six months after the completion of studies. Under the guaranteed and risk-shared programs, the Government paid the interest to the lending institutions on behalf of the student.

Interest Relief

Assistance may be provided to cover loan interest for up to 54 months for borrowers who have difficulty repaying their loans. The shift from guaranteed and risk-shared loans to direct loans did not alter interest relief for loans in distress from the borrower's perspective; however, the method of recording associated costs changed. For loans issued prior to August 1, 2000, the CSLP compensates lending institutions for lost interest equal to the accrued interest amount on loans under interest relief. For loans issued after August 1, 2000, the loans of borrowers will not accrue interest, but is recognized in the Bad Debt Expense.

Debt Reduction in Repayment

Debt Reduction in Repayment (DRR) assists borrowers in severe financial hardship. DRR is a federal repayment measure through which the Government of Canada reduces a qualifying student's outstanding Canada Student Loan principal to an affordable amount after all IR has been exhausted. The maximum amount of the reduction is \$10,000 or 50% of the loan principal, whichever is less. For loans issued prior to August 1, 2000, the CSLP pays the lending institutions the amount of student debt principal reduced by the Government of Canada through DRR. For loans issued after August 1, 2000, the Government of Canada forgives a portion of the loan principal.

Claims Paid and Loans Forgiven

Up until July 31, 1995, the Government of Canada fully guaranteed all loans issued to students by private lenders. The Government reimburses private lenders for any loans that go into default (i.e., lenders claim any amount of principal and interest not repaid in full, after which HRSDC will attempt to recover these amounts). The risk-shared arrangements also permitted loans issued from August 1, 1995 to July 31, 2000 to be guaranteed under specific circumstances. This item represents the costs associated with loan guarantees.

Pursuant to the *Canada Student Loans Act* and the *Canada Student Financial Assistance Act*, the Government incurs the full amount of the unpaid principal plus accrued interest in the event of the death of the borrower or if the borrower becomes permanently disabled and cannot repay the loan without undue hardship.

Bad Debt Expense

Under direct loans, the Government owns the loans issued to students and must record them as assets. As a result, Generally Accepted Accounting Principles require a provision be made for potential future losses associated with these loans. The provision must be made in the year the loans are issued even though the losses may occur in future years. The amounts in the figures represent the annual expense against the provisions for Bad Debt, Debt Reduction in Repayment and Interest Relief on direct loans.

Alternative Payments to Non-participating Provinces/Territories

Provinces and territories may choose not to participate in the CSLP. These provinces and territories receive an alternative payment to assist in the cost of delivering similar student financial assistance programs.

Commitments

As at March 31, 2003 the Department had a commitment of \$75.3 million for the Service Provider contracts, in order to manage and administer the CSLP for post-secondary borrowers attending private and public institutions.

Table 11
Consolidated Canada Student Loans Program – Combined Programs

Millions of Dollars	Actual		2002-2003	
	2000-2001	2001-2002	Forecast ^a	Actual
Revenues				
Interest Revenue on Direct Loans	0.3	44.2	50.1	103.9
Recoveries of Interest On Direct Loans	0.0	0.0	0.3	0.0
Recoveries of Interest on Guaranteed Loans	123.4	123.7	122.0	111.1
Recoveries on Put Back Loans	2.3	4.2	5.1	7.7
Total Revenues	126.0	172.1	177.5	222.8
Expenses				
<i>Transfer Payments</i>				
Canada Study Grants	56.6	69.7	83.9	54.5
Total Transfer Payments	56.6	69.7	83.9	54.5
<i>Loan Administration</i>				
Collection Costs	16.8	14.3	12.9	12.8
Interim Arrangements				
– Interest Costs to Financial Institutions	41.5	13.7	0.0	0.0
– Transition Fees to Financial Institutions	25.9	0.3	0.0	0.0
Service Bureau Costs	1.3	27.9	33.8	41.2
Risk Premium	88.1	51.0	22.0	23.0
Put-Back	2.1	2.7	4.4	5.8
Administration Fees to Provinces and Territories	9.6	9.0	10.0	8.4
Total Loan Administration Expenses	185.2	118.9	83.1	91.2
<i>Cost of Government Support</i>				
<i>Benefits Provided to Students</i>				
In-Study Interest Borrowing Expense (Class A) ^b	0.2	118.4	121.2	138.6
In Repayment Interest Borrowing Expense (Class B) ^b	N/A	N/A	52.2	41.3
In-Study Interest Subsidy	180.5	77.8	39.2	39.8
Interest Relief	107.4	85.6	66.9	65.3
Debt Reduction in Repayment	2.0	4.2	7.8	7.4
Claims Payments and Loans Forgiven	72.2	76.0	41.1	40.7
<i>Bad Debt Expense^{b & c}</i>				
Interest Relief Expense	36.8	109.8	76.9	(135.6) ^d
Debt Reduction in Repayment Expense	10.0	10.6	10.8	10.8
Bad Debt Expense	159.9	171.4	173.7	173.8
Total Cost of Government Support Expenses	569.0	653.8	589.8	382.1
Total Expenses	810.9	842.4	756.8	527.9
Net Operating Results	684.9	670.3	579.3	305.1
Payment to Non-Participating Provinces and Territories	138.9	144.9	75.7	76.0^e
Final Operating Results	823.8	815.2	655.0	381.1

a. Forecasts for 2002-2003 were reported in the 2003-2004 Report on Plans and Priorities.

b. These costs are related to directly financed Canada Student Loans, but reported by the Department of Finance.

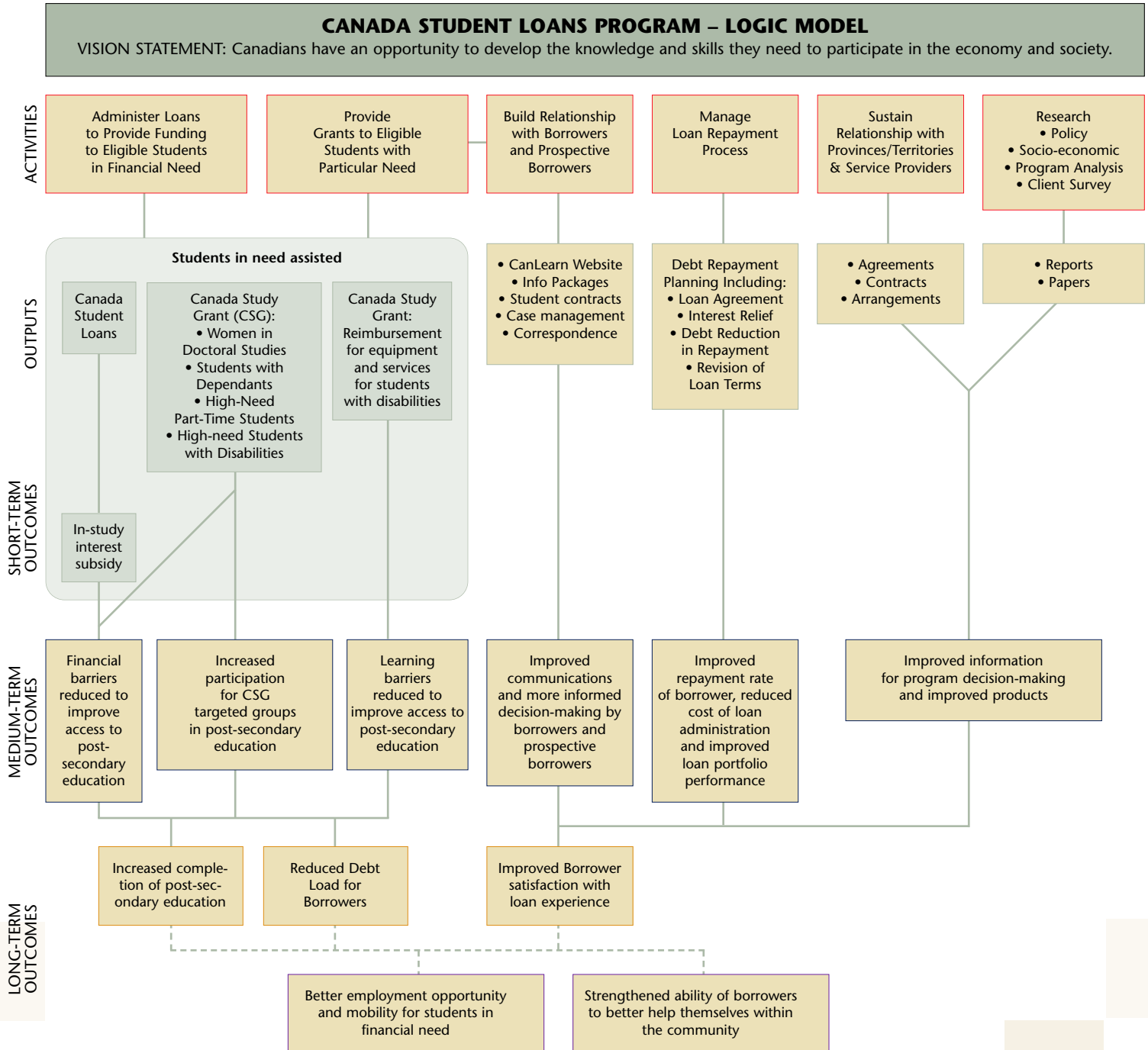
c. This represents the annual expense against the Provisions for Bad Debt, Debt Reduction in Repayment and Interest Relief as required under Accrual Accounting.

d. The actual amount for 2002-2003 is explained by: the recording in 2002-2003 of the reduction in Interest Relief allowances for the years ending in 2001 and 2002 as indicated in the report of the Office of the Superintendent of Financial Institutions as at July 31, 2002 and by a change of valuation accounting method in respect of the calculation of the Interest Relief allowance.

e. In 2002-2003, grants totalling an amount of \$54.3M were made in addition to these payments to non-participating provinces and territories. These were to ensure that Quebec, the Northwest Territories and Nunavut received the full support they were entitled since the move to direct lending for Canada Student Loans in 2000.

APPENDIX A

CANADA STUDENT LOANS PROGRAM LOGIC MODEL



APPENDIX B

CANADA STUDENT LOAN PORTFOLIO

Canada Student Loan Portfolio, March 31, 2000, to March 31, 2003 (Current \$M)									
As of March 31	Guaranteed		Risk Shared		Direct Loans		Total (Guaranteed, Risk-Shared and Direct)		
	Loans In-Study	Loans In- Repayment	Loans In-Study	Loans In- Repayment	Loans In-Study	Loans In- Repayment	Loans In-Study	Loans In- Repayment	Loans In-Study and In- Repayment
2000	268.4	1,087.5	3,741.8	3,719.2	–	–	4,010.2	4,806.7	8,816.9
2001	178.3	885.8	2,326.4	4,671.7	1,412.3	–	3,917.0	5,557.5	9,474.5
2002	121.7	680.4	1,390.2	4,849.1	2,314.3	581.5	3,826.2	6,111.0	9,937.2
2003	83.8	514.0	887.2	4,574.6	2,875.1	1,247.3	3,846.1	6,335.9	10182.0

Source: Comptroller's Office, FAS Fiscal Year: April 1–March 31.

APPENDIX C

FULL-TIME LOANS BY INSTITUTION TYPE

Full-Time Loans by Institution Type									
Institution Type	2000-2001			2001-2002			2002-2003		
	No. of Borrowers	Value of Loans (\$M)	Average (\$)	No. of Borrowers	Value of Loans (\$M)	Average (\$)	No. of Borrowers	Value of Loans (\$M)	Average (\$)
Universities	176,612	812.6	4,601	176,528	814.4	4,613	178,353	844.6	4,736
Colleges/Institutes	121,344	509.5	4,198	112,240	476.5	4,245	113,528	491.4	4,329
Private	45,632	242.6	5,317	40,238	216.5	5,380	37,440	208.6	5,573
Total	343,588	1,564.7	4,554	328,674	1,507.4	4,586	328,991	1,544.6	4,695
Loan Year: August 1–July 31.									

APPENDIX D

PART-TIME LOANS BY PROVINCE/TERRITORY AND INSTITUTION TYPE

Part-Time Loans by Provinces/Territory									
Province/ Territory	2000-2001			2001-2002			2002-2003		
	No. of Borrowers	Value of Loans (\$M)	Average (\$)	No. of Borrowers	Value of Loans (\$M)	Average (\$)	No. of Borrowers	Value of Loans (\$M)	Average (\$)
N.L.	36	0.06	1,558	23	0.03	1,285	30	0.04	1,229
P.E.I.	95	0.24	2,494	60	0.14	2,293	83	0.18	2,168
N.S.	288	0.60	2,097	249	0.45	1,821	285	0.50	1,754
N.B.	302	0.80	2,665	230	0.60	2,614	132	0.19	1,456
ONT.	730	1.35	1,852	802	1.49	1,857	698	1.28	1,831
MAN.	169	0.32	1,888	146	0.29	1,958	148	0.31	2,061
SASK.	146	0.26	1,808	123	0.20	1,633	212	0.42	1,994
ALTA.	1,008	1.22	1,214	1,017	1.21	1,186	1,015	1.27	1,252
B.C.	202	0.52	2,592	216	0.52	2,401	167	0.38	2,278
Y.T.	**	0.02	4,000	**	0.00	867	**	0.01	2,742
Total	2,980	5.40	1,812	2,867	4.92	1,717	2,772	4.57	1,649

Loan Year: August 1–July 31.
**Counts lower than 10 have been suppressed for privacy reasons.

Part-Time Loans by Institution Type									
Institution Type	2000-2001			2001-2002			2002-2003		
	No. of Borrowers	Value of Loans (\$M)	Average (\$)	No. of Borrowers	Value of Loans (\$M)	Average (\$)	No. of Borrowers	Value of Loans (\$M)	Average (\$)
Universities	1,336	1.89	1,418	1,392	2.17	1,560	1,419	2.19	1,545
Colleges/Institutes	949	1.22	1,281	971	1.21	1,242	1,008	1.45	1,434
Private	695	2.29	3,295	504	1.55	3,068	345	0.93	2,707
Total	2,980	5.40	1,812	2,867	4.92	1,717	2,772	4.57	1,649

Loan Year: August 1–July 31.

APPENDIX E

FULL-TIME AND PART-TIME LOANS BY MARITAL STATUS, AGE, GENDER AND STUDY LEVEL

Full-Time Loans by Marital Status									
Marital Status	2000-2001			2001-2002			2002-2003		
	No. of Borrowers	Value of Loans (\$M)	Average (\$)	No. of Borrowers	Value of Loans (\$M)	Average (\$)	No. of Borrowers	Value of Loans (\$M)	Average (\$)
Single	312,194	1,402.0	4,491	296,914	1,341.6	4,519	296,238	1,369.7	4,624
Married	29,024	151.4	5,216	31,744	165.7	5,219	32,753	175.0	5,343
Other	2,370	11.3	4,784	16	0.1	4,992	0	0	0
Total	343,588	1,564.7	4,554	328,674	1,507.4	4,586	328,991	1,544.7	4,695

Loan Year: August 1–July 31.

Part-Time Loans by Marital Status									
Marital Status	2000-2001			2001-2002			2002-2003		
	No. of Borrowers	Value of Loans (\$M)	Average (\$)	No. of Borrowers	Value of Loans (\$M)	Average (\$)	No. of Borrowers	Value of Loans (\$M)	Average (\$)
Single	2,331	4.22	1,809	2,233	3.80	1,702	1,932	3.15	1,631
Married	443	0.83	1,878	510	0.90	1,763	526	0.91	1,723
Other	206	0.35	1,703	124	0.23	1,816	314	0.51	1,636
Total	2,980	5.40	1,812	2,867	4.92	1,717	2,772	4.57	1,649

Loan Year: August 1–July 31.

Full-Time Loans by Age									
Age Group	2000-2001			2001-2002			2002-2003		
	No. of Borrowers	Value of Loans (\$M)	Average (\$)	No. of Borrowers	Value of Loans (\$M)	Average (\$)	No. of Borrowers	Value of Loans (\$M)	Average (\$)
21 and Under	166,135	679.9	4,092	146,079	600.4	4,110	148,114	623.6	4,210
22-25	93,426	445.0	4,764	97,825	464.3	4,746	97,059	471.6	4,859
26-29	35,906	184.0	5,124	36,872	188.9	5,122	36,554	193.1	5,283
30 and Over	48,121	255.8	5,315	47,898	253.9	5,301	47,264	256.4	5,426
Total	343,588	1,564.7	4,554	328,674	1,507.4	4,586	328,991	1,544.7	4,695

Loan Year: August 1–July 31.

Part-Time Loans by Age									
Age Group	2000-2001			2001-2002			2002-2003		
	No. of Borrowers	Value of Loans (\$M)	Average (\$)	No. of Borrowers	Value of Loans (\$M)	Average (\$)	No. of Borrowers	Value of Loans (\$M)	Average (\$)
21 and Under	733	1.32	1,802	703	1.21	1,720	762	1.24	1,622
22-25	795	1.39	1,753	763	1.34	1,752	705	1.14	1,612
26-29	415	0.78	1,888	413	0.71	1,712	415	0.69	1,673
30 and Over	1,037	1.90	1,835	988	1.67	1,691	890	1.50	1,690
Total	2,980	5.40	1,812	2,867	4.92	1,717	2,772	4.57	1,649

Loan Year: August 1–July 31.

Full-Time Loans by Gender									
Gender	2000-2001			2001-2002			2002-2003		
	No. of Borrowers	Value of Loans (\$M)	Average (\$)	No. of Borrowers	Value of Loans (\$M)	Average (\$)	No. of Borrowers	Value of Loans (\$M)	Average (\$)
Female	197,118	903.0	4,581	191,568	885.6	4,623	193,590	916.3	4,733
Male	146,470	661.7	4,518	137,106	621.8	4,535	135,401	628.4	4,641
Total	343,588	1,564.7	4,554	328,674	1,507.4	4,586	328,991	1,544.7	4,695

Loan Year: August 1–July 31.

Part-Time Loans by Gender									
Gender	2000-2001			2001-2002			2002-2003		
	No. of Borrowers	Value of Loans (\$M)	Average (\$)	No. of Borrowers	Value of Loans (\$M)	Average (\$)	No. of Borrowers	Value of Loans (\$M)	Average (\$)
Female	1,860	3.13	1,685	1,746	2.82	1,613	1,806	2.94	1,630
Male	1,120	2.27	2,023	1,121	2.11	1,879	966	1.63	1,684
Total	2,980	5.40	1,812	2,867	4.92	1,717	2,772	4.57	1,649

Loan Year: August 1–July 31.

Full-Time Loans by Study Level

Study Level	2000-2001			2001-2002			2002-2003		
	No. of Borrowers	Value of Loans (\$M)	Average (\$)	No. of Borrowers	Value of Loans (\$M)	Average (\$)	No. of Borrowers	Value of Loans (\$M)	Average (\$)
Doctorate	3,305	21.7	6,553	2,923	18.1	6,206	2,638	16.7	6,318
Masters	10,620	58.4	5,503	11,045	60.6	5,488	11,095	64.3	5,799
Non-Degree	155,920	700.8	4,494	140,498	636.3	4,529	139,052	642.6	4,622
Under graduate	172,115	773.7	4,495	174,192	792.2	4,548	176,206	821.0	4,659
Missing	1,628	10.1	6,222	16	0.1	4,847	N/A	N/A	N/A
Total	343,588	1,564.7	4,554	328,674	1,507.4	4,586	328,991	1,544.7	4,695

Loan Year: August 1–July 31.

Part-Time Loans by Study Level

Study Level	2000-2001			2001-2002			2002-2003		
	No. of Borrowers	Value of Loans (\$M)	Average (\$)	No. of Borrowers	Value of Loans (\$M)	Average (\$)	No. of Borrowers	Value of Loans (\$M)	Average (\$)
Doctorate	**	0.00	2,318	**	0.01	2,349	**	0.01	2,772
Master's	37	0.08	2,097	49	0.09	1,873	54	0.11	1,952
Non-Degree	1,825	3.83	2,101	1,681	3.14	1,870	1,472	2.61	1,771
Under-graduate	1,116	1.48	1,330	1,134	1.68	1,483	1,244	1.85	1,490
Missing	**	0.00	2,318	**	0.01	2,349	**	0.01	2,772
Total	2,980	5.40	1,812	2,867	4.92	1,717	2,772	4.57	1,649

Loan Year: August 1–July 31.

**Counts lower than 10 have been suppressed for privacy reasons.

APPENDIX F

MOBILITY

Institution vs. Student Mobility										
	2001 – 2002					2002 – 2003				
Institution Type	Borrowers Remaining in Their Home Province		Borrowers Moving Outside Their Home Province		Total	Borrowers Remaining in Their Home Province		Borrowers Moving Outside Their Home Province		Total
	No. of Borrowers	% of Total	No. of Borrowers	% of Total		No. of Borrowers	% of Total	No. of Borrowers	% of Total	
University	149,365	84.6	27,163	15.4	176,528	151,468	84.9	26,885	15.1	178,353
College	106,073	94.5	6,167	5.5	112,240	107,389	94.6	6,139	5.4	113,528
Private	35,073	87.2	5,165	12.8	40,238	32,912	87.9	4,528	12.1	37,440
Total	290,207	88.3	38,467	11.7	328,674	291,471	88.7	37,520	11.4	328,991

Loan Year: August 1–July 31.

APPENDIX G

INDEBTEDNESS

Distribution of CSL Indebtedness at Consolidation

Debt Load	2000-2001	2001-2002	2002-2003*
Less than \$5,000	31%	30%	27%
\$5,000-\$9,999	34%	35%	34%
\$10,000-\$14,999	15%	16%	18%
\$15,000 or More	20%	19%	22%
Average Debt	\$9,655	\$9,539	\$10,265

Loan Year: August 1–July 31.
*2002–2003 numbers are preliminary.

Indebtedness at Consolidation, by Institution Type

Institution Type	2000-2001	2001-2002	2002-2003*
University	\$12,849	\$12,436	\$13,257
College	\$7,768	\$8,047	\$8,373
Private	\$8,082	\$7,862	\$8,218
Overall	\$9,655	\$9,539	\$10,265

Loan Year: August 1–July 31.
*2002–2003 numbers are preliminary.

Average Indebtedness at Consolidation, by Age

Age	2000-2001	2001-2002	2002-2003*
21 and Under	\$4,905	\$5,114	\$5,452
22-25	\$9,056	\$9,095	\$9,607
26-29	\$12,279	\$12,238	\$12,981
30 and Over	\$11,311	\$10,887	\$12,219
Overall	\$9,655	\$9,539	\$10,265

Loan Year: August 1–July 31.
*2002–2003 numbers are preliminary.

Average Indebtedness at Consolidation, by Province / Territory

Province/Territory	2000-2001	2001-2002	2002-2003*
ALTA	\$8,528	\$8,816	\$9,713
B.C.	\$8,472	\$8,755	\$9,623
MAN.	\$7,505	\$7,826	\$8,530
N.B.	\$10,300	\$9,839	\$10,419
N.L.	\$11,263	\$10,490	\$11,367
N.S.	\$10,796	\$10,987	\$11,768
ONT.	\$10,191	\$10,125	\$10,537
P.E.I.	\$9,833	\$9,373	\$11,177
SASK.	\$9,304	\$9,556	\$10,428
Y.T.	\$6,086	\$7,626	\$9,176
Overall	\$9,655	\$9,539	\$10,265

Loan Year: August 1–July 31.
*2002–2003 numbers are preliminary.

Average Indebtedness at Consolidation, by Gender

Gender	2000-2001	2001-2002	2002-2003*
Female	\$9,750	\$9,685	\$10,434
Male	\$9,538	\$9,355	\$10,055
Overall	\$9,655	\$9,539	\$10,265

Loan Year: August 1–July 31.
*2002–2003 numbers are preliminary.

APPENDIX H

INTEREST RELIEF

Borrowers Receiving IR, by Institution Type			
Institution Type	2000-2001	2001-2002	2002-2003
College	59,722	53,731	49,500
Private	41,163	37,583	31,445
University	50,900	47,283	46,154
Unknown	3,110	1,864	1,136
Total	154,895	140,461	128,235
Loan Year: August 1–July 31.			

Borrowers Receiving IR, by Age Category			
Age Category	2000-2001	2001-2002	2002-2003
21 and Under	14,934	11,418	8,182
22-25	48,373	45,090	39,095
26-29	34,595	34,841	33,367
30 and Over	46,855	49,091	47,581
Unknown	10,138	21	10
Total	154,895	140,461	128,235
Loan Year: August 1–July 31.			

Borrowers Receiving IR, by Gender			
Gender	2000-2001	2001-2002	2002-2003
Female	96,467	88,357	80,612
Male	55,318	51,269	47,050
Unknown	3,110	835	573
Total	154,895	140,461	128,235
Loan Year: August 1–July 31.			

Borrowers Receiving IR, by Province/Territory of Issue			
Province / Territory	2000-2001	2001-2002	2002-2003
ALTA.	13,309	11,880	11,230
B.C.	24,662	23,759	21,874
MAN.	4,771	4,212	3,625
N.B.	10,574	9,719	9,018
N.L.	10,358	8,754	7,724
N.S.	12,465	11,176	9,864
ONT.	67,179	61,639	57,030
P.E.I.	1,214	1,167	1,124
SASK.	7,164	6,341	5,632
Y.T.	89	64	56
Unknown	3,110	1,750	1,058
Total	154,895	140,461	128,235
Loan Year: August 1–July 31.			