

CALEDON



INSTITUTE OF  
SOCIAL POLICY

# **Student Aid Meets Social Assistance**

*by*

**Sherri Torjman**

**September 2009**

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## *Introduction\**

The purpose of this study is to explore the interface between the two main systems in Canada that provide financial aid to post-secondary students: student financial aid and social assistance that helps individuals and families lacking sufficient means for self-support. Both of these systems are complex in themselves because they are governed by a wide range of rules and regulations.

Because student assistance and social assistance (more popularly known as “welfare”) fall within provincial/territorial jurisdiction, both of these systems differ from one province and territory to another. There is consequently not a unified nation-wide approach to financial assistance for post-secondary students – though there are some pan-Canadian programs, described below, with respect to student aid. To further complicate matters, each province and territory administers a package of student aid measures rather than a single program.

Added to the mix is the fact that Canada has a well-deserved reputation for complexity in its post-secondary world. Just as there are diverse programs covering student aid, there is also wide variation in terms of the institutions authorized to deliver post-secondary education:

Canada’s system of post-secondary education is considered among the world’s more complicated. Differing provincial systems and institutional traditions and initiatives mean different standards governing what does and does not count as a degree. And the university system itself is Byzantine, with wildly inconsistent terminologies and institutions embedded within other institutions [Usher 2008].

The complexity in post-secondary education arises partly from the challenges embedded in a federation and our Constitutional division of powers. Despite the inherent difficulties, Canada does relatively well – as noted below – in post-secondary educational performance.

For the purposes of this study, the term ‘post-secondary educational institutions’ includes both universities and community colleges, and is consistent with definitions employed by provincial and territorial student financial aid systems.

Another complicating factor is that social assistance is an administratively heavy and rule-bound system. It affords significant discretion to administrators to make decisions about the eligibility of individual applicants. The result is a classic double-edged sword.

The good news is that administrators are permitted to make exceptions and bend the rules when deemed appropriate for personal circumstances. The bad news is that inequity in treatment is invariably built into the system by virtue of this discretionary provision. For each of the

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myriad rules, there is an associated exception and there are often rules about how to handle the exceptions. Administrators may make individualized decisions about a particular case in the presence of certain circumstances. Just when it appears that there are clear policies or procedures in a designated area, provinces and territories set out guidelines for how and when to ignore them.

This report identifies the meeting points where one complex system – student financial aid – meets another complex system – social assistance. More specifically, two major points of interface were explored.

The first has to do with post-secondary educational students who have no prior contact with social assistance. The unanswered question is whether full-time post-secondary educational students applying for student financial aid can also qualify for social assistance if they have additional needs. The second question has to do with whether current welfare recipients who seek to pursue post-secondary education may remain on social assistance. Where would they go for financial support for essential educational and living costs?

A related set of issues embedded in both interface scenarios involves the treatment of various education-related assets for determining eligibility for and amount of social assistance. Relevant assets include student loans, bursaries and scholarships as well as Registered Education Savings Plans (RESPs), the Canada Education Savings Grant and the Canada Learning Bond.

Before this paper addresses the two main interface questions outlined above, it first describes student financial aid and social assistance in Canada. It is simply impossible to understand the intersection of these two systems without background information on how each works. This report also explores the growing importance of post-secondary education and key barriers to access – particularly for students from low-income households.

While this study recognizes that Aboriginal students have lower than average rates of participation in post-secondary educational institutions, it does not address in depth the measures related to this population. Because of Constitutional issues arising from the legal status of Aboriginals, there are often different sets of rules regarding eligibility for both student financial aid and social assistance.

Neither does this report seek to cover the concerns embedded in the student financial aid and social housing interface. Again, the latter is a complex system with its own unique set of qualifying rules.

Finally, it should be noted that while there are many problems with both the student financial aid and social assistance systems, Canada actually has succeeded in doing some things well. Among developed nations, this country has a relatively high rate of participation in post-secondary education and, in fact, used to rank at the top of the world.

But the positive record is no reason for complacency. In 2006, almost one-quarter (24 percent) of Canadian adults aged 25 to 64 had no more than a high school diploma [Canadian Council on Learning 2008: 106]. All the more reason to look at access barriers and possible actions to halt further decline.

### ***Methodology***

The methodology employed for this study involved several major steps. First, a review of relevant research was undertaken to identify the key themes and conclusions drawn from core reports pertinent to this subject. These studies were undertaken by several national organizations including the Canada Millennium Scholarship Foundation, Association of Canadian Community Colleges, Association of Universities and Colleges of Canada, the Canadian Council on Learning, National Educational Association of Disabled Students (NEADS), federal and provincial governments, and several universities and policy institutes. Follow-up interviews were then held with representatives from selected national organizations and the federal government.

Several interviews were conducted as well with selected students from across the country who had experienced personal problems with the student financial aid/social assistance interface. These individuals were identified through Vibrant Communities, a major pan-Canadian poverty initiative in which the Caledon Institute is currently engaged.

The next component of the work involved the documentation of various forms of student assistance available in Canada. These include student loans, scholarships, various bonds and grants introduced by the federal government, and tax-delivered assistance.

The third dimension of the study focused upon provincial/territorial social assistance systems, and both the direct and indirect rules that relate to student aid. The direct component has to do with eligibility rules and whether students can even qualify for welfare. The indirect component of social assistance refers to the asset exemption guidelines unique to each province and territory. These rules spell out the treatment of various assets – including scholarships, loans, grants and bursaries – to which applicants may have access.

The next step involved the preparation of a set of questions for a survey to be conducted with provinces and territories throughout the country (Appendix A). The survey was sent to a primary contact in the provincial and territorial student financial aid program. That individual either completed the survey or provided the name of a colleague in the same branch. Most also gave the name of the appropriate colleague in social assistance who completed the survey either alone or with colleagues, or in association with the student financial aid branch. In some cases, surveys were completed verbally through a telephone interview. Summary notes were then drawn up and sent to both student financial aid and social assistance officials for verification.

It should be noted that this description of the process for gathering information sounds fairly straightforward. In reality, the process was far more difficult. The problem was that, in



most cases, the survey could not be answered by one branch alone. It required respondents from both departments (who sometimes disagreed with each others' replies). In three jurisdictions, the student aid official was not even aware of the name of the corresponding colleague in social assistance. In total, it took three months to gather this information from all jurisdictions across the country.

A related problem had to do with the timing of the survey and this research question more generally, which made it difficult for some to answer. The student aid system itself is in transition as a result of major changes to the Canada Student Loans Program announced in the 2008 federal Budget. Because few details about the changes were available at the time of the survey, several jurisdictions were unclear as to how their respective systems would be affected by the new measures. They answered the questions on the basis of the current system, acknowledging that there may well be changes in the coming months.

Another complicating factor was that several jurisdictions were in the process of renegotiating their labour market development agreements with the federal government. The timing of these agreements was significant in light of the announcement in the 2009 federal Budget regarding the new Skills Transitions and Training Fund. An important feature of this Fund is that it designates an amount in respect of training for persons who are not eligible for Employment Insurance. These dollars can be used to support skills development and retraining for certain welfare recipients who meet the designated requirements.

Finally, a report was prepared that presents the key findings from the major components of this research project. A draft document was first reviewed by provincial and territorial officials as well as selected outside readers in order to ensure the accuracy of the material. Proposed changes were incorporated into the final version of the document.

### ***Barriers to Education***

This paper seeks to explore the student financial aid and social assistance interface because of an overriding concern: Low-income students are under-represented in post-secondary educational institutions – particularly at the university level – throughout the country. (It should be noted that while college students are proportionally represented across all income levels, universities have a disproportionately low number of students from lower-income households [Canadian Council on Learning 2007: 16]).

Low-income students face multiple barriers, including information and motivational factors, in trying to gain access to the post-secondary educational system. Another significant problem, not surprisingly, is their limited income and assets relative to the cost of this education.

The lower level of participation in post-secondary education among low-income youth is a concern from both household and societal perspectives. The economic and social benefits of pursuing higher education have been widely documented [Canadian Council on Learning

2008: 8]. There is a strong and direct relationship between educational and skill attainment, and income and economic security.

Post-secondary education is essential in a world that is demanding higher levels of education in order to keep pace with changes in knowledge and technology. Nearly two-thirds of new job openings over the next decade will require some form of post-secondary education. Only six percent of positions will be available to those with less than high school completion [Canadian Council on Learning 2008: 8].

Over the past 15 years, the unemployment rate for individuals with less than high school education have been almost double the rate of those with a university degree. Canadians aged 15 and older with a university degree experience significantly lower rates of unemployment (3.7 percent) compared with adults with only a high school diploma (6.1 percent). The employment rate is better for post-secondary educational graduates (72.9 percent) and best for those with a university degree in particular (76.8 percent) [Canadian Council on Learning 2008: 89].

Canada's continued prosperity in a competitive world rests on its ability to maintain comparative advantage in terms of the skills, flexibility and innovativeness of the labour force. As post-secondary education becomes even more vital to individual economic advancement, the social consequences of the lower participation rates of low-income Canadians, youth whose parents did not pursue higher education and Aboriginal peoples will increase accordingly [Berger, Motte and Parkin 2007: 15].

Post-secondary education has become an increasingly important determinant not only of economic advancement but also of social well-being. Since 1980, the earnings of post-secondary graduates have grown, while the wages of those with a high school diploma or less generally have not. Young adults who do not pursue post-secondary education are more likely to experience low income, unemployment, poor health and less job satisfaction than young adults who acquire further education and skills [Canadian Council on Learning 2008: 85].

The benefits of post-secondary education go beyond employment outcomes, including higher wages and job satisfaction, and fewer periods of unemployment. Individuals with higher levels of educational attainment perceive themselves to be in better health. In 2006, the OECD reported that the percentage of people claiming positive life satisfaction increases with educational attainment. The proportion of people contributing to charities and the average amount of donation rise with higher levels of education [Canadian Council on Learning 2007: 10].

But higher education is vital not just for individual success. Its links to improved societal outcomes – including greater productivity, innovation and economic growth as well as stronger communities with more civic engagement and social cohesion – have also been studied [Pakravan 2006: 6].

On the whole, Canada has a good record of participation in post-secondary education with one of the highest rates of attainment in the world. Despite the lack of policy coherence in

this area, the 2006 Census reported that almost 66 percent of Canadians aged 25 to 34 had completed some form of post-secondary education [Canadian Council on Learning 2008: 84]. In fact, the OECD noted in 2007 that Canada placed second internationally in overall post-secondary attainment (ahead of Japan, the United States and Australia) and seventh in the proportion of citizens with a university degree behind Norway, Israel and the United States [Canadian Council on Learning 2008: 24].

While rates of participation in post-secondary education are generally positive, national averages mask the fact that certain populations – including Aboriginal Canadians, persons with disabilities and youth from low-income households – are disproportionately excluded. Growth in the post-secondary participation rate must occur if Canada is to produce the type of educated and skilled workforce needed to remain competitive and prosperous in the global knowledge economy [Berger 2008: 3].

Increased participation from under-represented groups is also important for the health of the university sector. Demographic trends will have a substantial influence on post-secondary enrolment over the next two decades. The population of 18- to 24-year-olds, which comprises the majority of post-secondary students, is expected to peak within five years. This growth will put pressure on colleges and universities to accommodate more students. By 2013-14, however, the size of the young adult cohort will begin to fall, and by 2016 it will be lower than it is today. Longer-term stability in enrolment will require an increase in the percentage of youth who continue their studies after high school.

One way to achieve this important goal is to recruit more Canadians from populations currently under-represented in post-secondary education [Berger 2008: 1]. There are potentially significant gains to be made among children whose parents did not earn a post-secondary degree, who earn lower incomes or who are Aboriginal. The problem, however, is that these are precisely the young people who are more likely to encounter barriers to post-secondary education.

Several types of barriers conspire to prevent these youth from attending post-secondary education: informational/motivational, academic and financial [Berger, Motte and Parkin 2007: 35]. These barriers arise from a complex interplay of influences including family circumstances, the environment in which a person lives and household income [Berger, Motte and Parkin 2007: 49].

Lack of adequate information and preparation before the end of high school are significant obstacles to access. Parents' educational attainment exerts a strong influence on young adults' educational choices. Children of parents who have completed post-secondary education are substantially more likely to enroll in higher education than those whose parents' educational attainment did not exceed high school.

Of children whose parents had attended university, 50 percent were enrolled in university themselves. That figure is nearly three times the participation rate for children of parents who

never attended university [Canadian Council on Learning 2007: 75]. One-half of students from low-income families do not continue their studies past high school, compared with one-quarter of those from high-income families [Baldwin and Parkin 2007: 48].

Low-income students are also more likely to face academic barriers to post-secondary education. Data from the OECD's Programme for International Student Assessment, which measures the reading proficiency of young learners at age 15, suggests that Canadian high school students with low socioeconomic status may be performing one full year behind their high socioeconomic classmates. Barriers related to academic ability, high school quality and parental influence account for 84 percent of the university participation gap between low- and high-income youth [Berger, Motte and Parkin 2007: 53].

Another major factor involves the 'pull' of employment arising from the immediate availability of well-paying jobs. High school graduates in regions with booming economies are more likely to be lured away from pursuing post-secondary education and into the job market. A study that compared the post-high school activity of students in Grade 12 in 2003 in Alberta, Manitoba, New Brunswick and Saskatchewan found that 34 percent of Albertans took time to work after high school before pursuing post-secondary studies in the two years following graduation compared with only 20 percent of New Brunswickers [Berger, Motte and Parkin 2007: 36].

Moreover, 10 percent of Albertans who started post-secondary studies but dropped out to go to work did so because they were employed, compared to 5.9 percent of Saskatchewan students and only 2.3 percent of New Brunswick students. Finally, Albertans were almost twice as likely to say that they chose not to start post-secondary education at all because they wanted to work [Berger, Motte and Parkin 2007: 36]. It is clear that in selected regions of the country and certain periods in an economic cycle, the financial rewards of pursuing post-secondary education are far less powerful a driver of behaviour.

Affordability is another significant barrier to post-secondary education.

Between 1990 and 1999, undergraduate university students saw increases in tuition of more than 8 percent per year and, in some cases, it increased by more than 10 percent. Taken together over 15 years, these increases mean that, on average, students in 2005-06 paid three times as much as students in 1990-91 for tuition. That rate of increase was much greater than the inflation rate for the same period. This has had a major impact on students: making ends meet for many has meant assuming a greater debt load or working more [Berger, Motte and Parkin 2007: 69].

Tuition fees are not the only costs associated with post-secondary education since students must also pay for items such as housing, food, transportation, books and equipment. The percentage of students requiring financial assistance, not surprisingly, has increased as well. The number of graduates who borrowed money to help finance their education rose from 45 percent in 1995 to 56 percent in 2000 and 59 percent in 2006. Between 2003 and 2006, the percentage of college students who accumulated more than \$15,000 in debt increased from 17 to 29 percent [Canadian Council on Learning 2008: 100].

Most of the recent growth in government transfers to students has had little impact on access. For the past decade, governments at all levels and leanings have favoured income tax credits as the means of providing more financial support to students and their families. At the federal level, expenditures on education-related tax credits grew from just over \$400 million in 1994 to more than \$1.8 billion in 2004 [Baldwin and Parkin 2007: 49].

These tax breaks help some families, but they disproportionately benefit students who do not need financial assistance (see Appendix B). Such tax credits are non-refundable, which means that they are of little or no value to students from lower-income families with low taxable income and who thus pay little or no income tax. Moreover, these tax breaks are delivered only once a year at income tax time, so provide support months after tuition, books and rent must be paid [Baldwin and Parkin 2007: 49].

Learners' investments in post-secondary education are rising more rapidly than the public rate of investment, indicating a shift in the financial burden toward the individual [Canadian Council on Learning 2007: 17]. To make ends meet, many students must assume a higher debt load and/or increase their participation in the labour market – which takes away time from their studies.

Although student debt had been growing in the country over the past 15 years, there are some positive signs that average debt load has begun to level off. In certain provinces, the scholarship and bursaries provided through the Canada Millennium Scholarship Foundation, described below, has led to a reduction in average student debt [Baldwin and Parkin 2007: 50].

Enabling the participation of under-represented groups in post-secondary education will not happen unless governments and universities take strategic action to meet the needs of a changing student body. They must put in place an adequate system of student support that includes a range of both academic and specialized student services [Berger 2008: 4].

One of the ways to achieve this goal is by improving access to student financial aid, to which we now turn. Another important action involves targeted interventions, such as mentoring and individualized assistance, at far earlier stages at both the elementary and high school levels. Other proposed measures for encouraging the participation of under-represented groups are discussed later in this report.

## ***Student Financial Aid***

### *Guiding principles*

The financing of post-secondary education is a broad and complex system that involves a number of dimensions. These include transfer arrangements between the federal and provincial/territorial governments in respect of post-secondary education, direct investment in post-secondary educational institutions, fees that students must pay for their selected programs and

various income tax reductions that help offset the cost of tuition, textbooks and living arrangements.

While this study acknowledges the complex interplay of factors that affect the actual cost (sometimes referred to as the “sticker price”) of post-secondary education, it does not explore these multiple factors or propose wide-reaching financing remedies. Rather, it is concerned with understanding the measures that help low-income students pay for post-secondary education. As noted, this report focuses on two sub-groups of the low-income population: 1) individuals who qualify for student financial aid but seek help from social assistance for additional costs that they must incur, and 2) current recipients of social assistance who wish to pursue post-secondary education.

The federal and provincial/territorial student aid systems are the primary source of financial assistance for post-secondary education. The following section describes the current system of student financial aid in Canada. It should be noted, however, that this set of arrangements is slated to change in the 2009-10 academic year. A description of the new measures is outlined below.

An important principle that underpins student aid is ‘supplementarity’: the fact that the system is intended, and has been designed explicitly, to bolster primary sources of support in the form of part-time employment earnings, parental or spousal contributions, and other private assets.

Students and their families are deemed responsible for paying for their own post-secondary education. Financial aid systems throughout the country expect students to work, tap into savings and/or seek family contributions to help pay their post-secondary educational costs and living expenses. The student financial aid system effectively acts as supplementary assistance and as a backup to other personal resources. The amount of financial aid has therefore been designed to be modest both in maximum level and duration.

Parents are expected to make contributions for students considered dependent – as defined by the student loan programs. To enable these education-related contributions, the federal government provides a trio of asset-based programs: Registered Education Savings Plans, the Canada Education Savings Grant and the Canada Learning Bond. There are also several tax-assisted measures that reduce post-secondary educational costs.

Registered Education Savings Plans (RESPs) are special accounts that help families save for their child’s education after high school. RESPs were designed by the federal government as tax-free savings vehicles. They allow savings for education to grow without taxation until the person named in the plan enrolls in post-secondary educational studies, after which they pay income taxes on their RESP-derived income. The total maximum contribution is \$50,000 for each child named in an RESP. There is no annual contribution limit; the amount that can be invested depends on the selected RESP. Unlike Registered Retirement Savings Plans, annual contributions to RESPs are not tax-deductible.

The purpose of the Canada Education Savings Grant (CESG) is to provide an incentive to help lower- and middle-income parents save through RESPs for the post-secondary education of their children. The CESG pays grants on all RESP savings, with the payment dropping with increases in family income. On the first \$500 saved every year in an RESP, the Canada Education Savings Grant contributes up to \$200 if net family income is \$40,726 or less, up to \$150 for net family income between \$40,726 and \$77,664, and up to \$100 for net family income more than \$77,664. The maximum lifetime amount of grant per child is \$7,200.

The Canada Learning Bond (CLB) is an additional grant to help low-income families save for their child's education after high school. It is directed to children born after December 31, 2003, whose family is eligible to receive the National Child Benefit Supplement – i.e., they have net income of \$40,726 or less. Families may receive a lump-sum payment of \$500 immediately to start saving early for a child's education, and an extra \$100 each year up to age 15. The Canada Learning Bond represents up to \$2,000 plus interest in savings for each child's post-secondary education.

Unlike the Canada Education Savings Grant, households do not have to put their own money into an RESP to be eligible for the Canada Learning Bond. An extra \$25 will be paid with the first \$500 bond to help cover the cost of opening an RESP. The Canada Learning Bond can be used to pay for full- or part-time studies in an apprenticeship program, trade school, college or university.

For many applicants, however, student financial aid is the only or primary form of available financing. They may be unable to seek part-time or casual employment while studying – e.g., they may have a dependent child or significant disability that makes it difficult for them to both work and pursue studies. Alternatively, there may be few available employment opportunities in their community, especially in tough economic times.

Finally, some students may have a part-time or casual job when they apply for assistance but they may not be able to sustain this employment throughout the course of their study. Part-time and casual workers are often the first to be let go when employers shed jobs.

Moreover, many applicants for financial assistance do not have access to the parental contributions that student aid programs assume will be forthcoming. In BC, for example, contributions are expected from students who are 'dependent' – i.e., they are not married, they have no children, they have not worked in 12 months or more, and they are not out of school for four years or more and are living at home. For these students, the province expects a parental contribution based on income and the number of children living at home. Parents with low income are not expected to make any financial contribution. Neither are the parents of students considered 'independent' – i.e., those who are married, have children, have been out of school four years or more or have been a member of the labour force for two months or more.

A major problem is that many low- and modest-income families are unaware of the Canada Education Savings Grant and Canada Learning Bond. Despite the relative generosity of

these grant programs, it appears that the Canada Learning Bond in particular has not, at least to date, been a useful tool in encouraging post-secondary education participation or savings for low-income families.

It would be unfair to reach firm conclusions on a program that has been in existence for only a few short years. However, although no official statistics are available on the participation rate for the Canada Learning Bond program, informal inquiries of a number of financial institutions that offer Educational Savings Plans suggest that the participation percentage among those who would qualify for the Canada Learning Bond is currently in the single digits and perhaps in the low single digits [Minister of Finance 2006: 49-50].

In 2007, the Department of Human Resources and Skills Development Canada posted a take-up rate for the Canada Learning Bond of 7.9 percent [HRSDC 2007]. However, in its 2007-08 Departmental Performance report, Treasury Board noted that the Canada Learning Bond take-up had increased from 5.8 percent in December 2006 to 11.8 percent by December 2007. An estimated 48,000 eligible low-income families opened Registered Education Savings Plans and had registered for a Canada Learning Bond in 2007. While the proportion is rising, overall take-up is still relatively low.

Not surprisingly, the challenges of financial access are all the more acute for low-income students, who generally cannot rely on sufficient assistance from their families. Some students must turn to provincial/territorial welfare systems for additional help.

### *Types of financial aid*

‘Student financial aid’ is a broad umbrella term that comprises several different kinds of monetary assistance to help students offset the costs of post-secondary education. Financial aid administrators in every province and territory review each application and determine eligibility for various forms of aid. If a student is deemed eligible, the financial aid administrator then designs an individualized package of assistance based on the applicant’s financial and other personal circumstances.

Financial aid is composed of both gift aid and needs-based aid. Gift aid comprises several types of financial assistance which, unlike student loans, do not have to be repaid. Gift aid may be granted on the basis of merit, financial need, personal circumstances or public orientation regarding generalized accessibility to post-secondary education.

The generalized accessibility to post-secondary education gift takes the form of tuition-free college education in Quebec. This means that all students registered in a *cegep* (i.e., public college – equivalent to what is called university college, technical college or community college elsewhere) can have access to two to three years of college-level education. In addition, some private colleges are subsidized, which helps to reduce tuition fees required from students.



As one component of gift aid, merit aid refers to financial assistance awarded for high academic achievement. Recipients may or may not be in financial need; financial status is irrelevant in this case. Merit aid implies that a certain standard of academic achievement must be met in order to qualify.

It can also mean that the conditions of the award require some type of performance (e.g., athletic scholarship) or reward an activity already carried out (e.g., winner of a science fair competition). The assistance generally takes the form of scholarships, grants or bursaries awarded by government, a post-secondary educational institution, private donor, family foundation or private company. In Québec, a form of student merit aid includes a 15 percent reduction of student debt for students who graduate within the expected duration of their program, under certain conditions.

In recent years, the Canada Millennium Scholarship Foundation, created by the federal government in 1998, had become a significant player in various forms of gift aid, providing a range of scholarships and bursaries to improve access to Canadian post-secondary education. The Foundation will be dismantled at the end of the 2009 fiscal year and is being replaced by a new set of federal grant arrangements, described below.

Gift aid that is delivered on the basis of financial need typically takes the form of grants or bursaries. Academic achievement may or may not be considered for eligibility purposes. These forms of assistance, like scholarships, need not be repaid. An example is the *Canada Access Grant for Students from Low-Income Families*, described below.

Still another form of merit aid is similar to the one just discussed but is awarded on the basis of certain circumstances. For example, applicants may have a disability and therefore require extra funds to buy special aids and equipment. The *Canada Study Grant for the Accommodation of Students with Permanent Disabilities* is non-repayable assistance that helps with these additional costs. Under Québec's student financial aid system (*Aide financière aux études* – AFE), all financial aid given to students with permanent disabilities takes the form of grants.

Applicants may also be pursuing a course of study that a government or educational institution seeks to promote for equity or labour market purposes. The *Québec Merit Scholarship for Foreign Students*, the *Millennium Manitoba Opportunities Grants for Independent Aboriginal Students* and the *Canada Study Grant for Females Pursuing Doctoral Studies*, for instance, help meet the equity objective (as of July 31, 2009, the latter was no longer available).

The purpose of the *Northern Alberta Development Bursary* is to increase the number of trained professionals in northern Alberta and to encourage students from that part of the province to obtain a post-secondary education. This non-repayable assistance has both equity and labour market purposes. The *BC Nurses Education Bursary* has a clear labour market objective of responding to shortages in the nursing field.

*Needs-based aid*, by contrast, is provided to students on the basis of their financial circumstances relative to their needs. In determining level of need, the latter is deemed to include educational costs, available income and assets, and personal circumstances – e.g., whether the applicant has dependants or incurs additional costs as a result of personal or family circumstances. Needs-based aid generally takes the form of repayable student loans and non-repayable grants.

While governments are the primary delivery agents for student financial aid, post-secondary educational institutions also make available both merit-based and needs-based assistance. A recent survey of 31 universities and 11 colleges whose enrolment covers roughly 73 percent of Canada's undergraduate student population shows that these institutions spend at least \$144 million each year on merit scholarships and more than \$114 million on needs-based financial aid for undergraduate students (additional amounts are available as graduate assistance) [Berger and Parkin 2008: 16]. Although these other sources of support are significant, this study focuses only upon the financial aid delivered by governments.

### *Core programs*

#### *a. Canada student loans*

The needs-based student loan system is the centrepiece of financial aid for post-secondary education in Canada. Student loan programs operate at both federal and provincial/territorial levels. (It should be noted that the student loans system outlined here will be changing in the Fall of 2009 and will be replaced by a new system discussed below. However, it is described in the present tense as it was the system in place at the time of the survey carried out with the provinces and territories.)

The Canada Student Loans Program was created by the federal government to help make post-secondary education accessible to students in financial need. In addition to loans, the Canada Student Loans Program offers non-repayable financial assistance in the form of Canada Study Grants and Canada Access Grants. As noted, Ottawa also provides scholarships and bursaries through the Canada Millennium Scholarship Foundation.

The financial aid that eligible students receive is delivered in the form of a loan and/or grant. The precise combination of repayable and non-repayable assistance is determined on the basis of the unique educational needs, financial requirements and personal circumstances of the applicant.

The Canada Student Loans Program is available for both full- and part-time students at designated post-secondary educational institutions, including certain post-secondary institutions outside Canada. The federal program is linked to, and in some cases integrated with, provincial/territorial financial aid programs, depending upon the agreement with each jurisdiction.

In the four provinces of Ontario, Saskatchewan, Newfoundland and Labrador, and New Brunswick, the federal and provincial loan programs are integrated and operate as a unified system. There is one single point of entry for application. Students effectively apply for an Integrated Loan, which allows the federal and provincial loans to be managed by a single loan provider, known as the National Student Loans Service Centre.

Permanent residents of Québec, Northwest Territories and Nunavut receive student financial assistance from only the provincial or territorial government. These jurisdictions do not participate in the Canada Student Loans Program but rather operate their own student financial assistance plans.

The remaining five provinces offer student financial assistance programs that run parallel to the federal student loans program. While there is a single point of entry for financial aid and a unified application process, students in Nova Scotia, Prince Edward Island, Manitoba, Alberta and BC may end up receiving and effectively managing two separate loans from both the provincial and federal governments.

Finally, permanent residents of Yukon must apply for financial assistance through the Canada Student Loans Program because the territory itself does not offer a territorial student loans program.

Regardless of where students plan to attend college or university, they must apply for financial assistance to their province or territory of permanent residence as defined by the jurisdiction. Student aid applicants must also meet citizenship requirements, residence conditions and other rules including the following. Applicants not approved for financial assistance may file an appeal.

Applicants must:

- be a Canadian citizen, permanent resident of Canada or a designated protected person
- demonstrate financial need
- be enrolled in at least 60 percent of a full course load if they are full-time students or 40 percent for students with permanent disabilities. They must take 20-59 percent of a full course load if they are part-time students or 20-39 percent for students with permanent disabilities
- be enrolled in a degree, diploma or certificate program with a duration of at least 12 weeks (within a period of 15 consecutive weeks) at a designated post-secondary institution
- pass a credit check if 22 years of age or older and applying for the first time
- maintain a satisfactory academic standard.

The amount of student aid is determined on the basis of assessed financial need. Assessed need is calculated as the difference between allowable costs and available financial resources.

Allowable costs include tuition and mandatory fees; books, supplies and instruments; living costs; and child care if required.

Under the Canada Student Loans Program, maximum assistance is 60 percent of total assessed need, up to \$210 per week of study or a maximum \$7,140 for a 34-week university program. An integrated province like New Brunswick provides the remaining 40 percent of assessed need in the form of New Brunswick Student Loans funding, up to \$140 per week of study.

Scholarships must be claimed as income. However, their value is fully exempt for students eligible for provincial student loan funding. An exemption of \$1,800 is calculated for students who qualify for a federal student loan. The total amount of bursaries and grants is counted as income, as is other government funding such as Employment Insurance or workers' compensation.

The value of assets – including term deposits, bonds, stocks, guaranteed investment certificates and Registered Retirement Savings Plans (RRSPs) purchased during post-secondary studies – is also considered available for post-secondary educational support. A \$2,000 exemption for each year out of high school is automatically deducted.

Students with spouses or live-in partners must disclose the full amount of net spousal/partner earnings. A \$200 a month exemption is permitted. Spousal or partner unemployment may be deemed justifiable if they are at home with children aged one year or younger; if there is documented inability, such as a medical reason, to find paid employment; or they are a full-time student. A parental contribution is required in the case of single students unless they have a child, have been out of high school four years or more, or have been available to work full time for two years or more.

The Canada Student Loans Program offers a number of measures to assist borrowers in managing their student loan debt: extended repayment period, interest relief, extended interest relief and debt reduction in repayment. The purpose of these measures is to provide short- and long-term assistance to individuals who are experiencing financial difficulty, due to periods of unemployment or low income, in meeting their repayment obligations. Interest on student loans is paid by the federal government while students attend post-secondary educational institutions on a full-time basis. Repayment begins six months after studies end. A new Debt Repayment Plan, described below, will take effect in 2009-10.

#### *b. Federal grants*

As noted, the Canada Student Loans Program also administers two major streams of grants known as Canada Study Grants and Canada Access Grants. The purpose of these grants is to increase the participation of under-represented groups in post-secondary education. (These grants are being replaced by a new system described in the following section.)

Canada Study Grants promote study in designated fields and by certain students, while Canada Access Grants are awarded to students with permanent disabilities and to those from low-income families. Students must first apply for a Canada Student Loan in order to be considered eligible for one of the following seven grants:

- Canada Study Grant for Full-time Students with Dependants
- Canada Study Grant for Female Doctoral Students
- Canada Study Grant for High-need Part-time Students
- Canada Study Grant for Part-time Students with Dependants
- Canada Study Grant for the Accommodation of Students with Permanent Disabilities
- Canada Access Grant for Students from Low-income Families
- Canada Access Grant for Students with Permanent Disabilities

Applicants from Québec, Nunavut or the Northwest Territories are not eligible for these grants, as these jurisdictions do not participate in the Canada Student Loans Program. However, they have access to the various forms of grants provided by their own jurisdictions.

The *Canada Study Grant for Full-time Students with Dependants* is intended for students whose assessed financial need exceeds the maximum available loan funding. Dependants include children or other wholly dependent relatives, but not an applicant's spouse. The grant pays up to \$40 per week of study for one or two dependants, and up to \$60 per week of study for three or more dependants.

Under the *Canada Study Grant for Female Doctoral Students*, women studying at the doctoral level in certain fields may be eligible for up to \$3,000 a year for a maximum three years. Because the grant is based on financial need, applicants must also qualify for financial assistance for the current academic year.

The *Canada Study Grant for High-need Part-time Students* is intended for part-time students whose family income falls below a set limit. The grant covers tuition, books, supplies, transportation and child care expenses up to \$1,200, and serves to supplement or replace a part-time student loan.

The *Canada Study Grant for Part-time Students with Dependants* is available to students with dependent children and who are attending a post-secondary educational institution on a part-time basis. Students automatically receive up to \$1,920 if they have applied and been accepted for a high-need part-time grant of \$1,200. They must also have applied for a maximum part-time loan of \$4,000.

The *Canada Study Grant for the Accommodation of Students with Permanent Disabilities* is intended for students with permanent disabilities that create barriers to post-secondary education. The grant provides up to \$8,000 per loan year to help pay for exceptional education-related costs associated with disability. The latter may include tutors, oral or sign interpreters, attendant care for studies, specialized transportation (to and from school only), 75 percent of the

cost of a learning disability assessment up to a maximum of \$1,200, note takers, readers and brailers.

The *Canada Access Grant for Students from Low-income Families* is intended to replace a portion of the Canada Student Loan. The grant is a one-time payment for 50 percent of tuition, up to a maximum \$3,000. Applicants must be dependent students as well as first-time students in their first year at a designated post-secondary educational institution. They must be enrolled in at least a two-year program that leads to a certificate, diploma or degree. Finally, applicants' net family income must fall within the range of entitlement to the National Child Benefit Supplement – i.e., \$40,726 or less.

The *Canada Access Grant for Students with Permanent Disabilities* is an up-front grant awarded to students with permanent disabilities who have demonstrated financial need. It is intended to help cover the costs of accommodation, tuition, books and other education-related expenses up to \$2,000 per loan year. To be considered for this grant, students must apply and be eligible for a student loan through the provincial or territorial student assistance office.

While Canada Study Grants and Canada Access Grants do not have to be repaid, they are treated as taxable income by the federal and provincial/territorial income tax systems. In addition to the grants administered directly by the Canada Student Loans Program, the federal government delivers bursaries indirectly through the Canada Millennium Scholarship Foundation. The Millennium Bursary is awarded automatically to dependent students who apply for student loans, whose parental contribution is assessed at less than \$1,000 and who meet all bursary eligibility criteria. The value of this bursary is \$3,000 on average, but may range from \$1,000 to \$4,500.

Provinces and territories also provide various grants and bursaries that students do not have to repay.

### *New federal system*

The system of student financial aid is slated for a major overhaul, which was announced in the 2008 federal Budget. Beginning in 2009-10, a new Canada Student Grant Program will be put in place that will consolidate funds currently spent on federal grants – including Canada Study Grants and Canada Access Grants as well as the scholarships and bursaries awarded by the Canada Millennium Scholarship Foundation. The new Canada Student Grant Program will replace the list of seven grants described above.

Students from low- and middle-income families will qualify for the new program on the basis of clearly defined income levels. The new grant will provide \$250 each month for students from low-income families and \$100 a month for students from middle-income families. The low- and middle-income thresholds will be adjusted to reflect the cost of living in each province and for different family sizes.

To be eligible for a Canada Student Grant, applicants must first qualify for a Canada Student Loan. A single application for both loan and grant will automatically determine eligibility for the Canada Student Grant.

Complementary grants will be available for students with dependants and students with permanent disabilities. Low-income students with dependants will receive an enhanced grant that will provide more money up front – i.e., \$200 per month for each dependant under age 12. Students with permanent disabilities will continue to receive grant assistance similar to the *Canada Access Grant for Students with Permanent Disabilities* and *Canada Study Grant for the Accommodation of Students with Permanent Disabilities*.

The 2008 federal Budget also announced \$28 million over two years for new scholarships for Canadian and international doctoral students, and support for Canadian graduate students to study abroad.

Budget 2008 introduced a textbook tax credit amount of \$65 per month of full-time study, or \$520 for a typical full-time academic year, and a full exemption of scholarship, fellowship and bursary income. The Budget allocated \$800 million per year, starting in 2008-09 and growing by 3 percent annually, to help provinces and territories strengthen their post-secondary education systems. As part of the federal government's economic stimulus package, Budget 2009 announced an investment of \$2 billion over two years to support deferred maintenance and repair projects at post-secondary institutions, with half the funding to be provided by the institution from private sources.

Effective Fall 2009, a new student loan Repayment Assistance Plan will be introduced to help student loan borrowers manage their debt. For the first five years of repayment, eligible borrowers will make either no payments or affordable payments, based on their income, towards their loan. These affordable payments will never exceed 20 percent of their income.

If borrowers are still experiencing difficulty after five years on the Repayment Assistance Plan, more generous assistance will be made available. Borrowers will continue to make affordable payments, which will be applied towards the principal of their loan. The federal government will pay the remaining amount.

Finally, effective Fall 2009, an Accelerated Repayment Assistance Plan will be available to borrowers with permanent disabilities. The assistance will ensure that low-income borrowers with disabilities will not be required to make loan payments, and will see their debt gradually written off over 10 years. The calculation of repayment assistance will factor in the additional costs faced by borrowers with disabilities, reducing the amount of their affordable payment compared with that of other borrowers.

The preceding description of the student financial aid system in Canada makes clear that it has been designed as a supplementary form of assistance. The social assistance system, the other

main focus of this paper, is also considered a program of last resort. It is this program to which we now turn.

### *Social Assistance*

The original and primary purpose of social assistance – commonly known as “welfare” – is to act as a program of last resort for individuals with no other means of support. It comes into play when all other sources of personal financing, including both income and assets, are insufficient or have been exhausted. But welfare has moved a long way from its original intent. It has evolved into a front-line defence for millions of Canadians who have lost their jobs but do not qualify for Employment Insurance (EI) or who have used up their EI benefits.

Contrary to popular belief, many Canadians turn to social assistance only once or infrequently and/or for a short period. It is not a life sentence of guaranteed poverty and intergenerational transmission of poverty. There is considerable movement on and off welfare during the course of any given year.

However, long-term and repeat use of the welfare system can reinforce, if not worsen, poverty and dependence. Canadians on social assistance for a significant period of time risk rusting their employment skills and experiencing lower morale and self-confidence. Although many children of welfare families manage to thrive despite the disadvantages they face, as a group they run a higher risk of health and behavioural problems and poor educational outcomes.

While social assistance is often referred to as a single program, it actually is administered by different ministries or departments in 13 provinces and territories (see Appendix C). Each province and territory assumes responsibility for social assistance and sets its own rules and regulations that govern eligibility for assistance, amount of financial aid, type and level of special assistance, enforcement policies and provisions governing appeals.

Despite the differences, all social assistance programs have several features in common. Welfare is an income program of last resort. Households may apply for welfare when they have no other source of income or when their needs exceed the resources available to them through employment, government benefits and private sources.

Applicants must first qualify for social assistance on the basis of various definitions related to such factors as citizenship, family status and employability. In some social assistance programs, and for some groups of people, eligibility may also be affected by the applicant’s school status. In Ontario, for example, single individuals are not eligible for Ontario Works if they are enrolled full time in post-secondary school.

Social assistance programs throughout the country typically assess student status within the context of their respective student loan programs. These are generally consistent with definitions under the Canada Student Loans Program.



Not surprisingly, there are variations on this theme. Québec, for example, employs fairly open criteria for this purpose. It sets out the criteria for full-time students as well as those “deemed” to be full time. Status as a full-time student is determined on the basis of rules established by the educational institution attended by the student. To be deemed a full-time student, applicants for financial aid must be pursuing studies in a recognized program for a minimum of 20 course hours per month and must fall into one of the following categories.

They must have a major functional disability or be affected by a serious episodic disorder resulting from a major and permanent physical or mental health problem. Female students in Québec are also deemed full time if they are at least 20 weeks pregnant. The same rule applies to single parents who live with their child under age 12 as of September 30 of the current award year or under age 21 as of September 30 of that year, if the child is a student with a major functional disability. Students with a spouse may be considered full time if they live with a child who is under age 6 as of September 30 of the current award year or under age 21 as of that year, if the child is a student with a major functional disability. Students may also be deemed full time if they are participating in the Social Assistance and Support Program known as *Réussir*, described below in the section on Student Aid/Social Assistance.

In Yukon, full-time post-secondary educational students must be enrolled in four courses or more, as defined by the Department of Education, which lead to a certificate or diploma in a career-based subject.

But social assistance applicants considered eligible on the basis of various definitions effectively have passed through only the first hoop. They must then qualify for financial aid on the basis of a needs test, which lies at the heart of welfare. The needs test is an assessment that takes into account three main factors: type and level of household assets, income and household need.

In terms of *assets*, the needs test inquires about the value of liquid assets, such as cash or cash-convertible assets like Canada Savings Bonds, which may be available to the household. It also asks about the level of fixed assets, such as personal property. Both liquid and fixed assets must not exceed specified levels. Each province and territory has a detailed set of rules defining the maximum amounts of liquid and fixed assets that applicants can retain and still qualify for financial assistance.

Each jurisdiction also sets out lists of liquid and fixed assets that it considers exempt – i.e., these are not included in the calculation of resources available for support. Most ignore, for example, a motor vehicle if required for work transportation (sometimes up to a designated maximum) or the value of employment-related tools and equipment.

For the purpose of determining eligibility for welfare and level of financial aid, social assistance programs typically exempt the value of and proceeds from savings plans designated explicitly for educational purposes, notably Registered Education Savings Plans (RESPs), the Canada Education Savings Grant and the Canada Learning Bond. However, these are counted as

available assets if the student named in the plan decides to pursue post-secondary education. The treatment of education-related assets is discussed below.

Because welfare is considered an income program of last resort, applicants are expected to make reasonable efforts to pursue any and all available resources such as student aid, child support, disability insurance or parental contribution. Assistance may be reduced or denied if the administrator is not satisfied that these efforts are adequate. (It should be noted that under the Ontario Disability Supports Program (ODSP), recipients with disabilities who are attending post-secondary education are *not* required to pursue student aid. Dependent adults who are part of an ODSP benefit unit, by contrast, are required to pursue student aid.)

In the *income* component of the budget deficit calculation, social assistance considers as available for personal support both earned income in the form of salaries and wages, and *unearned income*, such as workers' compensation and child support payments. Some jurisdictions count the full or partial value of scholarships and bursaries in the assessment of personal resources, while others provide a partial exemption of this form of unearned income. Several respondents noted that these amounts typically are so small or infrequent as to be negligible in the clientele they see.

In terms of *needs*, the budget deficit calculation takes into account basic living costs and personal circumstances that affect financial status, such as numbers of dependants or disability-related costs. The difference between applicants' assessed needs and available resources in the form of income and assets is then determined. Applicants are eligible for social assistance when they have a budget deficit – i.e., their assessed needs exceed their available assets and income.

Despite wide differences in welfare programs throughout the country, they all generally pay a benefit that consists of two major components: basic assistance and special assistance. Basic assistance covers essential living costs such as food, clothing and shelter, which apply to all recipients. While intended to provide for basic costs, the rates of assistance in every province and territory fall below poverty levels [National Council of Welfare 2008].

Special assistance is paid in respect of exceptional or additional needs such as special health requirements, dental care, medications or disability-related expenses. Coverage of these additional costs is actually a positive feature of welfare in that the special assistance can represent hundreds or even thousands of dollars for households with high needs. At the same time, this positive feature can often make it difficult for recipients to move off welfare and into the paid labour force because most lower-paying jobs do not come with supplementary health- or disability-related benefits.

The actual amount of assistance varies by number of family members and other factors, such as health status and employability. Recipients considered employable generally receive lower benefits than those deemed unemployable – typically persons with severe and prolonged disabilities. The higher payment in respect of disability helps recognize that persons with severe

disabilities often face barriers in their ability to earn an adequate and sustained income through employment. They are also far more likely to incur additional disability-related costs.

In fact, provinces and territories not only provide different levels of support on the basis of employability. Four jurisdictions – namely Québec, Ontario, Alberta and BC – operate a separate program for persons with disabilities. Québec, for example, administers *le Programme de solidarité sociale* and Alberta runs the Assured Income for the Severely Handicapped (AISH) program.

Recipients deemed employable are required to meet with a caseworker to develop an individualized plan intended to lead to self-sufficiency (similar supports may be made available to persons with disabilities where appropriate). The plan often includes basic literacy and numeracy upgrading, skills training, a vocational program or post-secondary education at a college or university. Participants in any of these programs usually are provided access to subsidized child care for their young dependants.

The problem for many employable recipients of social assistance is that they have low levels of skill, which makes it difficult for them to find and maintain paid employment in the first place. Much of the work with employable welfare recipients involves basic educational development and upgrading. If they participate in any form of educational activity, it usually involves the acquisition of skills at a more fundamental level.

While much of this educational upgrading is offered at community colleges throughout the country, student financial aid programs generally do not cover this form of training. It is paid for through provisions of the federal-provincial/territorial labour market development agreements or the Aboriginal Human Resource Development Agreements, described below.

Welfare recipients who are considered employable and are able to find some paid work are permitted to earn a certain amount of income per month before they start losing a portion of their welfare benefits. The allowable amounts are known as “earnings exemptions.” These exemptions are very low and often barely cover the additional costs associated with paid employment, such as child care, clothing or transportation. Welfare recipients have argued that their work efforts should not be penalized so stringently because it is often difficult to get started or re-engaged in the labour market.

Welfare’s high tax-back on employment earnings (as high as 100 percent above a small band of exempt earnings) places a barrier in the path of recipients who want to work their way off welfare. This barrier comprises part of the so-called “welfare wall” that recipients face when they try to move off social assistance [Torjman and Battle 1993].

Other bricks in the welfare wall include the cost of health- and disability-related special needs, including prescription drugs and dental care. As noted, the special assistance budget within welfare programs typically provides for these needs in the form of wheelchairs, hearing

aids, prosthetic equipment, medications and assistive devices for independent living or work. Recipients who try to move off welfare may lose access to this vital health-related assistance.

Income and payroll taxes comprise another component of the welfare wall. Social assistance recipients who return to work must start paying income tax on their earnings (the taxpaying threshold varies from one jurisdiction to another) along with payroll taxes in respect of Employment Insurance and the Canada/Québec Pension Plan. The welfare system's provision of labour market supports, such as affordable child care, assistance with the cost of employment-related expenses, educational and training opportunities, and supports for persons with disabilities, adds to the height of the welfare wall and makes it difficult for many recipients to leave and stay off assistance.

A final hallmark of welfare is that it allows for significant administrative discretion. This means that a designated supervisor or administrator is permitted to make exceptions to the myriad rules on the basis of the special circumstances of any given case.

Virtually every conclusion comes with a *caveat* that administrative discretion can be applied in determining eligibility and level of assistance for designated households – at once both the strength and weakness of the program.

But administrative discretion is a two-edged sword. On the one hand, it can ensure that applicants in serious need may still receive some assistance even if they do not meet precisely all the rules. At the same time, it can give rise to serious inequities. Households with similar circumstances are often treated quite differently as a result of administrative discretion. (It should be noted that Québec provides this form of assistance only under designated circumstances, such as risk to health or personal security. Moreover, assistance provided through administrative discretion generally must be repaid.)

### ***Context for Welfare Reform***

While there is no single welfare policy or uniform program in Canada, several general influences have helped shape the overall system throughout the country and have resulted in a number of common features. One of the most pervasive factors has been the trend away from the provision of income benefits alone to a greater focus on so-called “active measures.” The purpose of these measures is to help recipients move toward self-sufficiency through eventual participation in the paid labour market.

Over the past few decades, the federal government has been an important driver of active programming. A landmark footing on this new pathway was the arrangement known as the Federal-Provincial Agreements on the Enhancement of Employment Opportunities for Social Assistance Recipients. These “four-corner agreements” were signed in the mid-1980s by (the then) Health and Welfare Canada, Employment and Immigration Canada and their provincial counterparts responsible for social assistance and labour markets, respectively.

Under the terms of these agreements, federal funds were diverted from Unemployment Insurance and the Canada Assistance Plan – the former financing plan under which the federal government shared the costs of welfare with the provinces and territories. The purpose of the four-corner agreements was to facilitate the entry or re-entry of employable social assistance clients into the paid labour market. Changes were also made to the Canada Assistance Plan to allow for federal cost-sharing of certain provincial enhancements to earnings exemption policies and of provisions concerning supplementary assistance to clients in their transition to work.

These agreements helped kickstart a wave of welfare reform throughout the country that continues to this day. In 1990, for example, Alberta's welfare program was renamed and transformed into Supports for Independence. The new program focused on helping clients become self-sufficient and stressed active intervention over "passive" income assistance.

Québec's welfare system has also undergone several major rounds of restructuring over the past few decades. Notable is the fact that Québec took early steps to pay attention to the needs of single parents trying to move toward financial independence through education. A special provision – *La mesure Retour aux études postsecondaires pour les chefs de famille monoparentale* – was introduced in 1984 to help single parents who wished to pursue post-secondary education. The program provided additional assistance to these clients, mainly women, in recognition of the longer time they may require to complete their studies and the extra costs in respect of their child rearing responsibilities. The measure has since been replaced but Québec still provides numerous sources of support for post-secondary educational studies.

The shift toward active programming in welfare fit comfortably with other changes under way both in Canada and throughout the world. The Organisation for Economic Co-operation and Development (OECD), for example, played an instrumental role at the international level in promoting the theme of active labour market policies. In the mid-1980s, it identified as a problem the disproportionate provision among member countries of "passive" support for the unemployed in the form of income benefits alone.

In response to high and persistent unemployment throughout the developed world in the late 1980s and early 1990s, the OECD undertook a major study of the factors underlying the deterioration of labour market performance in member countries. Its seminal *Jobs Study* made the case for significant reform of labour market policy and associated benefits. It made frequent reference to the need for active job measures:

A progressive shift of resources is needed from passive income support to active measures. Active labour market policies improve access to the labour market and jobs; develop job-related skills; and promote more efficient labour markets. Active policies can strengthen the links between the growth of aggregate demand, job creation and the supply of qualified labour. And higher public spending on active measures may lead to wage moderation by strengthening the ability of "outsiders," particularly the long-term unemployed and first-time job-seekers, to compete more effectively for jobs. Intensified job placement and counselling programmes, aimed at encouraging effective job search by the unemployed, have proved especially cost-

effective. Countries which reject a widening of wage dispersions as a means to increase employment will have to rely particularly heavily on active labour market, education and training policies [OECD 1994: 36].

The *Jobs Study* went on to say:

A typical OECD country spends 2 to 3 per cent of its GDP on labour market policies (including unemployment benefit schemes). But there has been little progress in shifting these sizeable resources from passive policies – such as unemployment benefit – to active measures. In 1992 the average OECD country devoted just 0.9 per cent of its GDP to active measures, up only slightly from 0.7 per cent in 1985. There is considerable scope for further and more effective active policies through careful programme design, implementation and monitoring [OECD 1994: 36].

Active measures include basic educational investments, such as literacy and numeracy upgrading, and activities that focus explicitly upon employment including information, vocational counselling, résumé writing, job readiness training, and job search and referrals. Active measures also include the provision of supports that are not directly related to employment but are essential nonetheless for participating in the paid labour market. High-quality, affordable child care and accessible transportation are among the most important factors. Special accommodation, such as physical modifications and adapted equipment, are vital measures for persons with severe disabilities.

The *Jobs Study* set out a list of policy recommendations for strengthening active labour market policies designed to improve the ability of developed countries to adapt effectively to a context of rapid structural change [OECD 1994]. Nations throughout the developed world enthusiastically adopted the active programming theme.

In the UK, for example, it took expression through the philosophy of the “Third Way,” which contends that developed economies should be neither fully market-oriented nor government-driven. The Third Way calls for an active free market approach balanced with supports from government when required. Those who have lost their employment through no fault of their own have a right to income assistance.

At the same time, recipients of assistance must assume responsibility for their own self-sufficiency. The Third Way philosophy assumes that social programs – especially the so-called passive ones – can create unhealthy traps and dependencies. The appropriate policy solution is to ensure that people in receipt of government assistance have opportunities to acquire the skills they need for the current labour market [Hunter and Donovan 2005: 5].

The active programming theme was also eagerly embraced by the United States. In 1996, the US replaced its federal Aid to Families with Dependent Children welfare program with the *Personal Responsibility and Work Reconciliation Act*. The change in name was itself an important symbol of the underlying philosophical shift. The new Act included significant cuts to existing programs and fundamentally changed the welfare system with the introduction of Temporary

Assistance to Needy Families. Under the latter, there is no entitlement to financial assistance and each state is free to determine which families are eligible to receive help.

Canada put its own unique stamp on the concept of active programming – the guiding principle for the Social Security Review announced in January 1994. The Review resulted in fundamental shifts to the centerpiece social security program: Unemployment Insurance. UI was introduced in 1940 as partial replacement of earnings for workers experiencing temporary and unpredictable unemployment. The program was expanded over the years to include more workers and recognition of special circumstances, such as regions of high unemployment.

As part of the Review, Ottawa changed the program name in 1996 to Employment Insurance as a key message regarding the new emphasis of the program. The reform introduced several changes in order to introduce an active focus. More specifically, it tightened up three main levers – related to eligibility criteria, benefit levels and maximum duration of benefits [Battle, Mendelson and Torjman 2006; Torjman 2000].

The result more than a decade later has been a drastic decline in the percentage of unemployed workers able to qualify for Employment Insurance. In response to the changes that tightened access to EI and reduced the amount and duration of payments, the number of eligible beneficiaries has dropped dramatically over the years. Only an estimated 43.0 percent of unemployed Canadians qualified for EI benefits at last count (in 2008). Coverage is even lower in certain provinces – notably, 23.4 percent in Alberta and 30.3 percent in Ontario.

The dramatic tightening of *Employment Insurance* has created serious pressures on provincial and territorial welfare systems, particularly during recessionary periods with high rates of unemployment. (It should be noted that several key informants argued that the profile of welfare recipients may change in response to the current context. The economic recession in which thousands of workers are losing their jobs, combined with growing inadequacy of EI, are driving many more households onto welfare.)

But the active theme took expression not just on the benefits side of the equation. The intent of the new program was to move away from the sole provision of benefits toward the provision of active measures in the form of training, educational upgrading and employability measures. The new funds in respect of the active measures were also intended to help counter to some extent the dismantling of the Canada Assistance Plan, described below.

Part II of the *Employment Insurance Act* introduced in 1996 contained several important changes regarding employment benefits and support measures: targeted wage subsidies, self-employment assistance, job creation partnerships and skills development – and a series of employment services. The latter include job search assistance, résumé preparation and other job search or employment-related activities.

Part II expanded the base of eligible clientele for the active measures. While only Unemployment Insurance beneficiaries could qualify for assistance under the former *Unemploy-*

*ment Insurance Act*, the new *Employment Insurance Act* extended the beneficiary base to include those who had collected EI benefits in the past three years (or five years if the claimant collected maternity or parental benefits).

In short, the active programs supported under the new Act were intended for individuals who are active EI claimants; had a benefit period that ended within the previous 36 months; or had a benefit period established within the previous 60 months and were paid parental or maternity benefits, subsequently withdrew from the labour market to care for one or more newborn or adopted children, and wished to re-enter the labour market.

With fewer workers qualifying for *Employment Insurance* as a result of the 1996 tightened eligibility requirements, concerns have been raised not only about the reduced coverage for income benefits but also about tighter access to the associated benefits. As a result, provisions have been made to allow unemployed workers with insufficient hours to qualify for Employment Insurance to access these employment benefits and support measures.

In fact, as part of the Canada Skills and Transition Strategy introduced in the 2009 federal Budget, a Strategic Training and Transition Fund worth \$500 million over two years will support the self-employed and others who have been out of work for an extended period and are not eligible for EI training. Measures that allow the spending of EI funds on a broader clientele have helped reshape welfare systems, which have been (and are being) redesigned to take advantage of newly available financing.

Part II of the Employment Insurance Act also enabled the federal government to enter into labour market development agreements with the provinces and territories to provide the range of employment benefits and support measures outlined above. There are two models for the labour market development agreements in the country: co-managed agreements and transfer agreements.

Under co-managed labour market development agreements, Human Resources and Skills Development Canada delivers employment benefits and support measures but shares responsibility for the design, management and evaluation of these programs with provinces and territories. The federal government co-manages agreements with Newfoundland and Labrador, Prince Edward Island and Yukon. (As of November 2009, Newfoundland and Labrador will be assuming responsibility for these services.)

Under transfer labour market development agreements, by contrast, Ottawa provides financing, and the provinces and territories assume responsibility for the design, delivery and management of their own programs similar to employment benefits and support measures. The federal government has signed transfer agreements with New Brunswick, Nova Scotia, Québec, Ontario, Manitoba, Saskatchewan, Alberta, BC, Nunavut and the Northwest Territories.

The agreements allow each province and territory to design labour market programs that reflect their unique priorities and needs. Claimants qualify for these active employment benefits



through the formulation of individual action plans. Grants are provided to cover some of the costs of training and skill development geared to the individual's identified needs and interests.

Another major change introduced with the *Employment Insurance Act* involved the rescinding of the *National Training Act*. The result meant the phase-out, over a three-year period, of the federal purchase of training seats or courses from provincial and territorial governments. The purchase of seats in institutions was replaced by Skills, Loans and Grants – an initiative that provides loans or grants to help offset course fees and living expenses for those who require new skills to return to work. While the stated intent of this shift was to introduce flexibility, several key informants to this study argued that the withdrawal of the federal purchase of training seats has led to a less stable training system – effectively shifting support from the supply to the demand side of the funding equation.

The newly focused *Employment Insurance Act* and its associated measures played a significant role in pushing income security and training systems to a more active basis. But it could be argued that the move toward more active programming within welfare, more specifically, was the result not only of pervasive conceptual, ideological and programmatic influences. It was also a response to fiscal pressures and labour market upheaval that produced a significant increase in the number of unemployed Canadians on welfare.

The recessions of the early 1980s and 1990s, not surprisingly, had pushed up welfare caseloads. The burden on provinces and territories was made worse by successive federal funding cuts and the shift from cost-shared to block funding which effectively removed the counter-cyclical protection embodied in the now-defunct Canada Assistance Plan (CAP).

As noted, the Canada Assistance Plan was the financing arrangement under which the federal government shared 50 percent of the cost of provincial and territorial social programs. As part of its deficit reduction efforts, the federal government dismantled the cost-shared Canada Assistance Plan and replaced it in 1996 with the block-funded Canada Health and Social Transfer (CHST). The shift allowed the federal government to better predict and control its costs in respect of welfare.

The new measure also resulted in reduced funding to the provinces and territories, which responded by taking various actions to shrink their welfare caseloads and keep applicants off the program in the first place. While these initiatives have different names (and, of course, associated acronyms), their intent is the same: to find ways to move recipients off welfare. The themes of self-reliance and individual responsibility are core guiding principles.

Perhaps the place where the most fundamental reform of welfare took place – and continues to evolve – is Saskatchewan. In 1995, the Government of Saskatchewan released a discussion paper in January 1996 entitled *Redesigning Social Assistance: Preparing for the New Century*. The details and proposed changes were subsequently outlined in a discussion paper released in March 1997 entitled *Children, Families, and Independence: Social Assistance Redesign*.

The first phase of welfare restructuring saw the introduction of the Saskatchewan Child Benefit and the Saskatchewan Employment Supplement. As part of a broader package of reforms, the province also brought in the Provincial Training Allowance and Youth Futures pilot projects in August and September 1997, respectively.

The Provincial Training Allowance pays a monthly amount based on family size, which enables individuals and families with lower incomes to access adult basic education courses or skills training. Prior to its introduction, welfare recipients who were enrolled in provincial training programs received social assistance for their basic living needs, or were sponsored by one of a variety of programs.

Combining these programs into the Provincial Training Allowance enabled the government to ensure that income assistance rates for individuals and families in training programs would be consistent. Clients enrolled in full- or part-time Adult Basic Education, short-term skills training and related courses are required to apply for the Provincial Training Allowance. (It should be noted, however, that Advanced Education, Employment and Labour remains the primary funding agent for training. The assistance provided through welfare is not intended to supplement or replace available funding sources or student loans.)

The second major shift in welfare programming in Saskatchewan saw the creation of a separate program called the Transitional Employment Allowance (TEA). The program was designed for applicants deemed employable, or those who otherwise would be on welfare for only a short period. TEA is an income support program intended to help Saskatchewan residents who are participating or are eligible to participate in pre-employment activities, programs or services deemed likely to assist the client or participating spouse to become able to accept employment [Hunter and Donovan 2005].

The Saskatchewan Assistance Program continues to operate much as it did in the past. It is a program of last resort for families and individuals who, for various reasons including disability, illness, low income or unemployment, cannot meet their basic living costs. Any person in financial need may apply for assistance. The program requires all employable recipients to develop transition plans for their self-sufficiency, with the expectation that welfare recipients become self-supporting as soon as they can.

It is important to recognize that low-income households may also be eligible for a range of provincially delivered benefits outside of welfare. In Saskatchewan, in particular, these measures include the Saskatchewan Rental Housing Supplement, Saskatchewan Employment Supplement Program and Childcare Subsidies. Unfortunately, these additional provisions were beyond the scope of this paper.

Without doubt, the most extreme example of active programming during this broad period of welfare reconfiguration was embodied in the mid-1990s reform by the Ontario government, which announced a 21.6 percent across-the-board cut to welfare benefits (except benefits for persons with disabilities). At the same time, it tried to restructure the program by introducing

workfare – or compulsory employment – for welfare recipients considered able to work. Strictly speaking, ‘workfare’ means that people who receive financial aid through welfare are required to perform compulsory labour or service as a condition of their assistance.

While the province eventually backed down from its full-blown workfare proposal, it did bring in two separate programs to replace the existing welfare system: Ontario Works for employable recipients and the Ontario Disability Supports Program for persons with substantial disabilities. The stated purpose of the *Ontario Works Act* is to establish a program that recognizes individual responsibility and promotes self-reliance through employment. The program was set up to provide temporary financial assistance for those most in need while they satisfied obligations to become and stay employed.

At the same time as Ontario was restructuring its welfare system, the province announced a profound shift in financing arrangements with municipalities. In what was billed as a *quid pro quo* announcement, the province said that it would henceforth be assuming responsibility for education and child welfare. Municipalities, in turn, would be expected to pick up more of the tab for welfare, child care and home care, and all of the costs of public health (except for immunization and communicable disease control), social housing, public transportation (including parallel transit for the disabled), certain highways and land ambulance services.

The financing shift was not cost neutral because municipalities had to absorb the costs of sectors with an embedded rising demand. Moreover, local governments had to support these areas with severely limited financing measures, including a regressive property tax base. As a result of these financing shifts, municipal administration of welfare in Ontario has given rise to disparities in practice.

It should be noted, however, that while Ontario Works is delivered by 47 delivery agents at the municipal level and 100 First Nations across the province, the Ontario government is responsible for setting the legislative and policy framework for the program. This responsibility includes the establishment of asset and earnings exemptions policies – currently a 50 percent flat-rate exemption on employment earnings and training allowances unless the person is enrolled in post-secondary education full time, in which case earnings are exempt. Local Ontario Works administrators must adhere to this framework in their administration of the program. (The Ontario Disability Supports Program, by contrast, is delivered by provincial staff through 44 local offices in nine provincial regions.)

In recent years, the current provincial government has taken a series of steps to redress the problem by gradually uploading and reclaiming several social service costs. In the Fall of 2008, the Ontario government signed the *Final Report of the Provincial-Municipal Fiscal and Service Delivery Review* with municipal governments, which will provide them with a net benefit of \$1.5 billion annually by 2018.

This description of the context for welfare reform helps explain the major influences that have shaped provincial and territorial welfare policy over the past three decades. The

philosophical shift to active programming, the withdrawal of 50 percent federal financing, the redesign of Employment Insurance and the associated labour market development agreements were key drivers of welfare reform. However, two more recent initiatives have also influenced the current mix: the introduction of new agreements in respect of persons with disabilities and of Aboriginal Canadians.

In December 2003, Ministers Responsible for Social Services approved the Multilateral Framework for Labour Market Agreements for Persons with Disabilities, which took effect in April 2004. This Framework replaced the earlier Employability Assistance for People with Disabilities initiative. The goal of the Multilateral Framework is to improve the employment status of people with disabilities by enhancing their employability, increasing available employment opportunities and building on the existing knowledge base. The three priority areas for investment under these agreements are:

- improving the level of basic and post-secondary education and work-related skills for persons with disabilities
- improving the labour market situation and independence of persons with disabilities through employment-related activities
- expanding the availability, accessibility and quality of employment opportunities for persons with disabilities, in partnership with business and labour.

Another noteworthy advance was the introduction of the Aboriginal Human Resources Development Strategy which was intended to assist Aboriginal Canadians prepare for, find and keep jobs. All Aboriginals Canadians, regardless of status or location, may access its programs and services.

Under this Strategy, Aboriginal organizations are supported to design and deliver employment programs and services best suited to meet the unique needs of their communities. There are currently 80 Aboriginal Human Resources Development Agreements in place across the country. Regional offices of Service Canada work with these local Agreement holders to implement the strategy and its programs and services.

The Strategy originally was approved in 1999 for a five-year period with \$1.6 billion committed for labour market and skills development. In 2003, the Aboriginal Human Resources Development Strategy was extended for another five years from 2004-09. The 2009 federal Budget committed \$75 million to a two-year Aboriginal Skills and Training Strategic Investment Fund. The new Fund will replace the Aboriginal Human Resources Development Strategy, which is continued with a \$25 million commitment until the new program is ready.

Clearly, a range of political and economic factors have played a role in shaping welfare systems throughout the country. They have all shifted to an active footing with a new set of rules regarding employability expectations, including the treatment of those seeking to pursue a post-secondary education. Welfare programs have been reshaped in response to the new labour market agreements and shifts in financing introduced over the past few decades.

## *Student Aid/Social Assistance*

It is virtually impossible to make generalizations about social assistance in any jurisdiction, let alone on a pan-Canadian basis. For every rule and practice, there is an exception. That being said, it is clear that certain principles guide the provision of welfare, regardless of jurisdiction. There are also similar practices that flow from these common principles. Both these principles and practices help explain the interface between student financial aid and social assistance.

As noted, there are two main interface scenarios that this study sought to explore. The first involves students with no former connection to social assistance. They were applying for student financial aid for help with their educational costs. However, they happened to have additional needs over and above the assistance to which they were entitled under student aid.

The second scenario focused on individuals currently on social assistance. As part of their effort to gain self-sufficiency, these beneficiaries typically develop, in association with a caseworker, an approved plan to pursue some form of education or work-related trajectory. They are “case managed” – in the language of welfare programs – to pursue or return to post-secondary education. The unanswered question had to do with the status of these students – whether they remained on social assistance, had to go off welfare and apply for student aid as a post-secondary educational student as all other individuals, or were eligible for some combination of the two.

Both scenarios are discussed below along with actual practice from selected jurisdictions. The descriptions make clear the lack of policy coherence in the country. It could be argued that the diversity within the current context is positive in that it enables – and indeed encourages – innovation at the provincial and territorial levels.

At the same time, the differences give rise to tremendous complexity in which it is virtually impossible to identify clearly and succinctly the elements of pan-Canadian policy and practice on supports for low-income students. The problem is exacerbated by the fact that political rewards derive from ongoing ‘bite size’ policy and program announcements that governments make on a regular basis to maintain and raise their profile. The continuing flood of ‘announcements’ makes it difficult to see the forest for the trees.

### *Scenario #1: Students applying for student financial aid*

In the first scenario, students in financial need who are not part of the welfare system and have had no contact with social assistance in the past must first apply to the student financial aid program in their respective jurisdiction.

Despite the nuances in definition, a general practice regarding eligibility appears to apply across the board. Most jurisdictions do not permit post-secondary educational students to apply

for social assistance in addition to student financial aid. In fact, most jurisdictions have in place some kind of cross-referencing or screening of files to guard against duplicate application – or so-called “double dipping.” Receipt of financial assistance under both programs is permitted only under certain exceptional circumstances, described below.

Several jurisdictions provide supplementary assistance for extenuating circumstances which make it unnecessary – in theory at least – to apply for social assistance. Most vary their definitions of full time in accordance with the Canada Student Loans Program. Students with permanent disabilities, for example, can take a minimum 40 percent of a full course load and still be processed as a full-time student. A study on barriers to post-secondary education currently is being undertaken by the Centre for the Study of Students in Postsecondary Education at the University of Toronto in association with the National Educational Association of Disabled Students (NEADS).

Students with permanent disabilities in Nova Scotia may request an extension to the number of years they can apply for loans. The Student Assistance Program also recognizes the additional costs facing students with permanent disabilities and makes provision for items such as adaptive equipment, attendant care, specialized tutors and accessible transportation to and from school. Students with permanent disabilities may be eligible as well for a Canada Study Grant of up to \$8,000. A Provincial Access Grant effective August 1, 2005, which coincided with the Canada Access Grant, also helps reduce student loan debt. The maximum non-repayable grant is \$2,000 a year for students attending university and \$1,000 a year those attending college.

The student financial aid program in Québec builds in additional assistance in respect of special circumstances and the extra costs incurred by single parents and persons with severe disabilities or episodic conditions. BC also has more generous provisions for students with disabilities. In Nunavut, Inuit Nunavut Beneficiaries in particular may qualify for a basic grant for tuition and a supplementary grant for travel and other expenses.

Students who still have additional financial needs even after all other possible resources are tapped through the student financial aid system may be allowed to apply for social assistance in most jurisdictions. The word “may” is important here; in Québec and Saskatchewan, for example, students cannot receive social assistance and student loans at the same time. Once a social assistance recipient becomes a full-time student, social assistance benefits are cut off. Similarly in Alberta, most individuals are not permitted to apply for supplementary aid from welfare. In exceptional cases, they may apply for extra assistance if they have additional financial needs that arise from special circumstances.

In New Brunswick, students may apply for extra financial assistance only if they fall within the Deaf, Blind or Disabled category and they incur additional costs arising from their severe disability.

The rules in Ontario are somewhat more complex because two welfare programs – Ontario Works and the Ontario Disability Supports Program – are involved. The Ontario Works

regulation stipulates that single individuals in full-time post-secondary education are ineligible if the person:

- is in receipt of a loan under the *Ministry of Training, Colleges and Universities Act* or the *Canada Student Loans Act*
- is not eligible for a loan under one of those Acts because of the level of parental income, as determined under that Act or
- is not eligible for a loan under one of those Acts because of a default in the payment of a previous loan under one of those Acts.

Applicants and recipients who are married, living in a common-law relationship or are sole-support parents are required to apply for a student loan through Ontario Student Assistance Program (OSAP) to cover education-related and personal living costs for themselves and their benefit unit when attending post-secondary school. However, these applicants or recipients may be eligible for assistance if the amount of financial support received through OSAP or Canada Student Loans for personal living costs does not exceed his/her Ontario Works budgetary requirements. Under these circumstances, Ontario Works will provide a top-up to cover the difference between the personal living costs amount included in the loan and the budgetary requirements so long as all other eligibility requirements are met. Marital status and presence of dependent children appear to be the determining factors in the case of Ontario Works.

Single persons with disabilities who are beneficiaries under the Ontario Disability Supports Program and are enrolled in post-secondary education do not have to apply for student financial aid. However, any dependent adults of an ODSP household who choose to attend college or university are required to apply for student financial aid for assistance.

#### *Scenario #2: Welfare recipients applying for financial aid for post-secondary education*

The rules for current recipients of social assistance are somewhat different. In the first case, jurisdictions typically seek to ensure that students do not go onto social assistance unless there are exceptional circumstances that warrant additional aid. In the second scenario, the objective is to figure out how best to move these recipients off the program – with the goal of long-term self-sufficiency, where possible.

The first step in the process involves the identification of recipients who are currently in a position, or potentially would be able, to pursue post-secondary education. This stage is part of a case management approach in which recipients and their respective case workers determine the best route to self-sufficiency. All welfare recipients deemed employable are expected to participate in some form of education, training or work-related activity that ideally leads to self-sufficiency. In this instance, post-secondary educational studies have been identified as the appropriate route to independence. (Ontario Disability Supports Program beneficiaries do not have mandatory participation requirements.)

Once the candidate has been identified, the challenge is to support the achievement of this goal. Generally speaking, social assistance systems try to seek all possible sources of support for welfare recipients who are being case managed to pursue post-secondary education.

In most cases, student financial aid is the obvious and most common source of financing. Most welfare systems work out a shared financing arrangement with the student financial aid system in respect of case managed recipients pursuing post-secondary education. These individuals effectively remain on social assistance, which continues to pay for basic living costs such as food, clothing and shelter. The student financial aid program in that jurisdiction covers the costs of tuition, books and compulsory fees for those programs considered eligible for post-secondary education.

Student financial aid may provide additional help for personal needs over and above education-related expenses, such as child care costs in Northwest Territories or travel allowances in Manitoba. In addition to the built-in measures for students with children in the student aid program, Québec has a system of subsidized child care for which all families are eligible; additional child care costs may be covered by *Emploi-Québec* (rates vary by type and extent of care). Coverage of this extra cost of child care is particularly important for sole-support parents.

But for welfare recipients who may not be ready to participate in post-secondary education immediately, a different form of financing may apply depending upon its availability in that jurisdiction. Because many welfare recipients have low levels of literacy and numeracy (one of the reasons they end up on social assistance in the first place), they are not usually considered to be good candidates for post-secondary education – at least not until their basic levels of skill improve. Ontario Works participants, for example, have access to a range of employment assistance activities including job search and support services, basic education, literacy screening, assessment and training, employment placement, supports for self-employment and addiction services.

In this case, most jurisdictions try to figure out how to support the individual while, at the same time, seek reimbursement for the cost – whether from student financial aid, a program financed through federal-provincial/territorial labour market agreements, the Multilateral Framework for Labour Market Agreements for Persons with Disabilities or the Aboriginal Human Resource Development program.

Recipients who require some form of academic upgrading in order to participate in post-secondary education may receive assistance, depending upon the nature and duration of the program, under one of the employment support measures currently being run by the province or territory under the federal-provincial/territorial labour market agreements earlier described. The labour market program typically pays the tuition, books and other fees while social assistance pays basic living expenses. The labour market program in some jurisdictions may also cover additional personal costs, such as child care.



Québec's model represents an example of the use of Employment Insurance funding through the labour market development agreements. An individual receiving last-resort social assistance benefits is not eligible for student financial aid under the *Aide financière aux études* (AFE) with one exception, the *Réussir* program designed for people with severely limited capacity for employment.

The *Mesure de formation de la main-d'oeuvre* program is designed to help individuals who receive last-resort aid to undergo some training to help them re-enter the labour market. They may be enrolled in a secondary or college-level professional training program provided through *Emploi-Québec* that is offered in a private educational institution (public schools and *cégeps* are tuition free) or they are enrolled in a university program recognized by the AFE and *Emploi-Québec*. Last-resort aid and *Emploi-Québec* then cover basic needs and AFE pays for tuition. Extra aid in the form of a higher exemption is provided to single parents.

*Emploi-Québec* works in association with the *Commission des partenaires du marché du travail* (Labour Market Partners Commission) and the regional councils of labour market partners, which are part of the *Canada-Québec Labour Market Agreement*. Under this agreement, Québec is responsible for active employment measures financed through the Employment Insurance Fund.

While the generic process described in this section applies primarily to welfare recipients deemed employable, individuals typically considered unemployable – such as persons with severe disabilities – are also eligible for various forms of support to pursue post-secondary education. The most commonly cited source was the assistance available through the Canada Study Grant and Canada Access Grants for students with severe disabilities that provide an additional \$2,000 and up to \$8,000, respectively.

For students with permanent disabilities, Student Aid BC pays educational costs and living expenses. These students may also receive a top-up from social assistance if they still have additional disability-related costs (not covered through the extra help provided by Student Aid BC and the federal grants). In Yukon, provisions for post-secondary educational students with disabilities are the same as those for students without disabilities. But individuals with disabilities may have additional needs that will be supported – e.g., car insurance was provided to a client with restricted movement and child care concerns.

In short, welfare systems may or may not retain on their caseload recipients who are case managed to pursue post-secondary education. Jurisdictions that do retain these individuals on their caseload seek reimbursement, where possible and appropriate, from other relevant programs and frequently from those that are funded through Employment Insurance or other federal funds. Actual practice throughout the country is captured in the following summaries.

### *Newfoundland and Labrador*

Students with dependants can apply for a student loan and maintain their eligibility for Income Support benefits from the provincial Department of Human Resources, Labour and Employment as long as they are in receipt of benefits prior to the start of the study period and Student Financial Services had confirmed and included these benefits in the Need Assessment. Student Financial Services considers Income Support benefits as a provincial contribution towards a student's assessed need.

This policy is specific to students with dependants – i.e., children. Single students or married/common law with no dependants would be terminated from Income Support benefits once they begin post-secondary education. There are no special provisions for post-secondary educational students with disabilities to remain on Income Support while receiving a student loan. The determining factor is whether a student has dependants and if he or she were in receipt of Income Support benefits prior to the start of the study period.

### *New Brunswick*

Social assistance clients with dependants under age 19 are required to access Student Aid for educational expenses which could include tuition, student fees, books, instruments, transportation, typing costs, child care and local transportation. Social Development will consider the provision of basic assistance, non-educational Special Benefits and supplemental child care. Supplemental child care may be provided if the need is greater than the allowable limits from Student Aid yet still within the Departmental child care rates.

Approved case plans which confirm that the chosen post-secondary education is a viable career path are mandatory for clients entering post-secondary education. In order to be eligible for assistance during the academic year, clients must have been receiving assistance for a minimum of six months prior to registering as a student. Greater emphasis must be placed on how the case plan will lead to self-sufficiency for clients receiving assistance for less than six months.

### *Prince Edward Island*

To qualify for support under the PEI Social Assistance Program, post-secondary education or skills development program, the following criteria must be met. Potential candidates must:

- be otherwise eligible for continuing Social Assistance benefits
- have a likelihood of long-term dependence on full or supplementary assistance and
- be able to demonstrate that:
  - appropriate research has been done
  - there is personal suitability to the occupation

- the post-secondary training plan is a realistic career goal with the support of the appropriate community-based employment counselling service and the Social Assistance caseworker prior to the beginning of post-secondary plan
- actively seek employment between school terms
- be eligible for skills development funding available through Service Canada
- have obtained Grade 12 or equivalent educational level.

### *Nova Scotia*

The Nova Scotia social assistance program allows full-time post-secondary educational students with exceptional cases or high financial need to access its program in conjunction with student aid under some circumstances. Income Assistance will be provided only to support the completion of programs at an undergraduate level. Income Assistance will not be provided for payment of tuition, school books or tuition fees unless part of a partnership arrangement under a labour market agreement.

In order to be eligible for Income Assistance while attending school, a recipient and the caseworker must have agreed to a plan that includes additional education or training. Candidates may be able to receive Income Assistance while attending post-secondary education under the following circumstances.

An individual attending a post-secondary educational program for more than two years shall not receive assistance unless the person is funded by the Labour Market Agreement for Persons with Disabilities program, which is intended for adults with vocational handicaps funded by Human Resources and Skills Development Canada in partnership with the Government of Nova Scotia.

Assistance may also be provided to a participant in the Career Seek Program, which is intended to support eligible individuals attending post-secondary education. However, a person attending a post-secondary education program of two years or less shall not receive assistance unless the individual is a participant in the Equity Opportunities Program. The latter is a skills development program for adults funded by Human Resources and Skills Development Canada in partnership with the Government of Nova Scotia. Alternatively, the recipient:

- has been the subject of an employability assessment and the assessment recommends that the recipient has the necessary prerequisite skills and can reasonably be expected to become employed in the selected occupational area at the completion of the post-secondary educational program
- has pursued other feasible sources of income but they are not available or are insufficient
- has been in receipt of assistance or a combination of assistance, family benefits or social assistance for at least six months immediately prior to attending the post-secondary educational program, and

- is available for work when not involved in the post-secondary educational program.

A recipient in either of these two streams shall not receive assistance for tuition, school books or student fees.

### *Québec*

Individuals receiving last-resort social assistance benefits are not eligible for student financial aid under the *Aide financière aux études* program (AFE) with the exception of welfare recipients who are participating in *Programme Réussir*. The latter is a financial assistance and support program for people with severely limited capacity for employment who wish to pursue secondary vocational studies or post-secondary studies. These individuals must apply for assistance under the student financial aid program and qualify under the rules of that program.

However, they may also receive social assistance in addition to the income they get from *Aide financière aux études* (AFE). If the amount is lower than the social assistance benefits to which the person is entitled, social assistance will cover the difference. To be eligible for *Réussir*, applicants must have received last-resort social assistance for 12 months over the previous 24 months when they begin their studies.

As noted, welfare recipients enrolled in a secondary or college-level professional training program provided through *Emploi-Québec* or in a university program recognized by the AFE and *Emploi-Québec* continue to receive social assistance to cover basic needs. AFE covers tuition and any other compulsory educational costs.

### *Ontario*

Ontario Works recipients remain eligible for assistance while they await receipt of a student loan. Once a student loan is received, single Ontario Works recipients become ineligible for assistance. Other Ontario Works (OW) recipients may remain eligible as long as all other requirements are met.

Unlike single OW recipients who must go off the program when they receive aid under the Ontario Student Aid Program (OSAP), Ontario Works recipients who are married or sole-support parents can continue to get an OW income support top-up while they are in receipt of OSAP. This is the case if the amount of monthly personal living funds from OSAP is less than the social assistance for which they are eligible.

Many post-secondary institutions in Ontario have internal student aid emergency funds for students whose loans are delayed. Post-secondary students awaiting receipt of their student loans must access student aid funds available through the institution prior to applying for Ontario Works. If the student aid loan has not been issued once classes have begun, students may apply –

or remain eligible – for social assistance pending receipt of the loan, as long as all other eligibility requirements are met.

Ontario Disability Supports Program (ODSP) recipients are not required to leave the program in order to pursue post-secondary education. They can continue to get social assistance while they are in receipt of financial aid under the Ontario Student Aid Program (OSAP). If OSAP funding exceeds direct educational costs, the excess amount is considered income for ODSP purposes and deducted dollar for dollar from ODSP income benefits.

ODSP applicants/recipients or their spouses who are provided with an OSAP living allowance have the option of declining the living allowance component of an OSAP loan. There is no impact on recipients' income support if they decline the living allowance. For recipients who choose to accept the OSAP living allowance, the latter is treated as income under ODSP and is deducted dollar for dollar from the income support on a pro-rated basis for the duration of the study period.

### *Manitoba*

In Manitoba, there is a group of students currently on welfare who fall into both the student financial aid and social assistance programs. Once approved, they stay on Employment and Income Assistance for their basic living expenses and receive a combination loan/grant from Manitoba Student Aid for tuition, books, school fees, a small personal amount, vehicle operating costs and child care up to \$500 a year – though these students typically get access to subsidized child care.

Participants in this group have the option to go off Employment and Income Assistance and onto Manitoba Student Aid because they potentially could get higher benefits under the latter program. However, it is not to their advantage to do so because they are required to repay any amount they receive as a student loan. Social assistance payments, by contrast, are non-repayable.

Participants who choose to leave social assistance and apply only for student aid would also lose access to health-related benefits, prescription medications and dental/optical care for themselves and their children. Most of the participants in this 'dual' group used to be single parents. Manitoba Student Aid would pay the education-related amounts – generally for a longer-term post-secondary educational program.

A recent change in Employment and Income Assistance through an enhanced education and training program called *Get Ready!* means that social assistance recipients may now be eligible for this type of arrangement. They can take a skills training or educational program of two years or less as part of an approved training plan while single parents and people with disabilities can participate in skills training or educational programs for up to four years.

The payor of the education-related costs in these cases varies, depending on the nature of the skills training or educational program. Tuition may be paid by Employment Manitoba in the Department of Competitiveness Training and Trade. In the case of persons with disabilities, Vocational Rehabilitation in the Department of Family Services and Housing may cover the tuition fees and social assistance pays the remaining basic living costs. The latter students are eligible for additional support under the Canada Study Grant and Canada Access Grant for Students with Disabilities, both of which are treated as exempt income under Employment and Income Assistance.

### *Saskatchewan*

Under the Saskatchewan Assistance Program, a student attending university is not eligible to receive assistance pursuant to these regulations unless the student is:

- a person with a disability for whom university training offers the only reasonable prospect for employment and leads to a vocational goal approved by the director; or
- a person who:
  - is enrolled in an undergraduate program leading to a vocational goal
  - has been receiving assistance for the 12-month period immediately preceding his or her attendance at university; and
  - supports a spouse who is a person with a disability or is a spouse of a person with a disability.

Assistance may continue until the second loan payment is received for students enrolled in private vocational school when all of the following conditions are met:

- the individual is already in receipt of assistance
- a case plan is approved prior to commencement of the training
- tuition accounts for the full amount of the first student loan payment
- the client is unsuccessful in obtaining a portion of the loan from the school for living expenses
- the student has no other resources to meet expenses until the next loan payment is received.

Provision may be made on a case-by-case basis for persons with permanent disabilities to remain on social assistance while in school in the event of extenuating circumstances. Typically, these individuals are studying on a part-time basis and receive student financial aid (i.e., Canada Study Grant or Canada Access Grant for persons with permanent disabilities) to cover tuition and books while social assistance continues to pay their living costs.

## *Alberta*

Social assistance benefits are terminated as a source of funding and are replaced by full-time post-secondary funding when the student commences a post-secondary program. Students pursuing full-time post-secondary training must apply for full-time student funding. Advanced Education and Technology has standard monthly living allowances based on the student type – such as single, married and single parent – and also allows for exceptional costs to help meet student needs.

Employment and Immigration staff work closely with colleagues in Advanced Education and Technology, and intake workers and staff at the post-secondary institutions help social assistance clients with applying for financial aid through the other department. All applicants are expected to make a personal contribution towards the cost of their education. However, this contribution is waived for students on social assistance immediately prior to attending post-secondary education.

Income Support does not provide financial benefits for any portion of a post-secondary program when individuals receive a post-secondary loan and/or grant funding. Students must apply for funding in a timely manner so that funding is available at the beginning of the school term or they will have to postpone entry to schooling until funding can be secured.

## *British Columbia*

Students who have had no contact with welfare in the past and who require financial help must apply for student financial aid. The latter pays for tuition, books and compulsory fees but also covers living expenses. The amount of living expenses varies by size of family unit so that households with dependants get additional assistance to help cover these costs. These students are not eligible for social assistance.

For students with permanent disabilities, StudentAid BC pays educational costs and living expenses as well as financial aid for disability-related supports. A supplementary bursary is also available to help with extra costs – e.g., related to clothing or travel. These additional disability-related forms of assistance are considered exempt for the purposes of welfare. BC also pays for a Learning Disability Assessment through a bursary if students entering post-secondary education require a new assessment to determine level of disability and extent of required accommodation.

Students who are already on social assistance may be case managed to pursue post-secondary educational studies. Under these circumstances, they must go off social assistance and onto StudentAid BC.

Finally, students may also be eligible for additional BC Student Loan funding if they have dependent children. In many cases, this means that a BC student who is a single parent will

receive more financial assistance than in other jurisdictions and that the traditional 60-40 shared cost between Canada Student Loans and BC Student Loans may be closer to a 50-50 split.

### *Nunavut*

Students in need of financial assistance go to student financial aid, which is fairly generous – especially for Inuit Nunavut Beneficiaries who receive the Basic Grant and Supplementary Grant.

The Basic Grant consists of:

- tuition and fees up to \$1,850 per semester
- the cost of airfare – excursion rate – to the nearest Nunavut Arctic College location offering the program or if the program is not offered in Nunavut, the southern gateway city closest to the post-secondary educational institute.

The Supplementary Grant is available to Inuit Nunavut Beneficiaries who are residents of Nunavut and consists of:

- a book allowance of actual costs up to \$200 per semester
- a monthly living allowance to help cover daily living costs.

Students may also receive a top-up from social assistance if they are deemed eligible on the basis of a budget deficit in which their assessed needs exceed available resources. Households in Nunavut tend to be large with many dependants. Even though student financial aid takes into account number of dependants, costs could still run fairly high.

For the budget deficit calculation, social assistance counts only the value of the living allowance and not the education-related components of the student financial aid. Students continue to be eligible for health care benefits whether they access post-secondary education through student financial aid or social assistance.

### *Northwest Territories*

Individuals currently on social assistance may decide to pursue post-secondary education and are case managed to help with the financing of these studies. These individuals remain on social assistance, which helps find financial aid for these students – whether from student financial aid, a special program intended for Aboriginal students or other source. Social assistance makes a considerable number of referrals to help put together as many supports as possible for the individual student.



Social assistance itself can help with funds for training, education and required books. Students continue to have access to health-related costs, which are financed through the Department of Health and Social Services. There are two separate sources of support for child care for students with dependent children.

### *Yukon*

Social assistance recipients applying for student financial aid remain part of the welfare system and may be supported further if there is a budget deficit. Yukon allows for additional social assistance funding for full-time students, such as a special \$100-a-month student allowance, transportation, special diet or child care. Under certain circumstances, students can receive assistance on an agreement to repay – which is considered a loan and thus a contribution they make after graduating or finding a job.

Yukon College will direct the students to federal and territorial funding sources. But it will also refer students to social assistance if no other support is available. Social assistance will then do a needs test to determine if the client can be considered for further educational supports. (Clients with a history of alcohol abuse or school failure will not be assisted unless they have proven a substance-free lifestyle.)

Single mothers are not required to look for work until their child is 6 years old. While on welfare, they can apply for upgrading and college courses but must seek any other funds to which they may potentially be entitled. Any recipient can go through a maximum two-year career development course while on social assistance in such areas as administrative assistant, home care, day care and justice.

### *Treatment of Assets*

Finally, as part of the study on the interface between student financial aid and social assistance, the survey posed several questions about how social assistance programs treat education-related financial assets. These include scholarships, grants and bursaries, Registered Education Savings Plans, the Canada Education Savings Grant and the Canada Learning Bond.

It is virtually impossible to make any generalizations concerning the treatment of education-related assets. This is one area around which there is significant variability in policy and practice throughout the country. In most jurisdictions, social assistance counts as income all types of student aid such as loans, bursaries and scholarships – though, in some cases, modest exemptions may apply to the value of these assets. Some jurisdictions fully exempt the value of grants and bursaries.

Registered Education Savings Plans generally are considered exempt for the purpose of determining eligibility for and levels of social assistance. However, they are counted as assets

if the beneficiary chooses to go to post-secondary education because they are then being used for their intended purpose.

It was of interest that several respondents noted they had never seen any social assistance recipient with a Registered Education Savings Plan, Canada Education Savings Grant or Canada Learning Bond. In fact, perusal of welfare regulations found that – unlike RESPS – the latter two assets typically are not even mentioned even though these measures are intended to be of particular assistance to low-income households. This fact reflects lack of information about these assets as well as the inability to make required contributions due to lack of funds for savings purposes.

The practices of a few select jurisdictions are presented below. While the survey questions pertained to how social assistance programs treat assets, it should be noted that some jurisdictions replied by considering how student financial aid considers these assets. As a result, the responses to the questions are a mix – as illustrated by the following diverse replies.

In Nova Scotia, for example, Employment Support and Income Assistance takes into account all student loan income that is designated for living-related expenses, including child care and transportation. The grant and bursary portions are not considered as income available for support. A Registered Education Savings Plan established for the education of a child and intended for use by that child in relation to education expenses is an exempt asset while the funds remain in the plan, but is counted fully as chargeable income once it is removed. The Canada Education Savings Grant and Canada Learning Bond are treated the same way.

In determining the level of benefits to which a person receiving last-resort social assistance is entitled in Québec, the amounts derived from *l'Aide financière aux études* or from a Registered Education Savings Plan are not calculated if used for their intended purpose within six months of their withdrawal or receipt.

In Ontario, grants, bursaries and awards provided to post-secondary educational students, with some minor exceptions, are exempt under Ontario Works and the Ontario Disability Supports Program, and do not affect the amount of social assistance paid to recipients – as long as they remain students. In addition, administrators may approve a portion of other grants or awards intended for training or post-secondary education that will be applied within a reasonable period to the cost of tuition, compulsory fees, books, instructional supplies, equipment and/or transportation.

While the list provides some clarity, the Ontario system appears burdened by excessive – and virtually incomprehensible – rules. To name just a few: Student aid funding for direct educational costs such as tuition, books and transportation are fully exempt as income and assets as long as the participant remains a student. Dependent adults on ODSP who live with their parents are required to apply for the Ontario Student Aid Program (OSAP) if they are in full-time attendance at post-secondary school. OSAP loans provided to dependent adults, which are mainly for direct educational costs, are entirely exempt as income and assets.

Those Ontario Works recipients eligible for OSAP must report the amount of benefits they expect to receive during the study period. This amount is treated as income for single OW recipients because they are not allowed to continue to receive social assistance when they are in receipt of OSAP. The OW amount reported is usually for the transition period. For married and sole-support parents who report an amount of Ontario Works benefit for the study period, it is not included in the OSAP assessment because these individuals may be eligible to receive an OW top-up based on the amount of OSAP they get. Reported OW is ignored because it would otherwise create a “circular reassessment situation.”

Like other students, ODSP or OW recipients who apply for OSAP are expected to report earned income and other assets. If students’ primary source of income is ODSP or OW in the pre-study period, no contribution is expected from the pre-study period. Through OSAP, earned income during the study period for the OW or ODSP recipient is treated the same as other students and a contribution is expected from the earned income.

Under ODSP, recipients including single individuals can attend post-secondary school while receiving ODSP. The impact of OSAP on ODSP income support depends on the type of funding received. Funding for direct educational costs such as tuition, books and transportation costs are fully exempt under ODSP and do not affect the amount of ODSP income support. Since ODSP provides amounts for personal living costs, student loans for living expenses are considered income and deducted dollar for dollar from income support. However, an ODSP recipient or spouse who receives OSAP funding for living costs has the option of declining such funding. There is no impact on recipients’ ODSP income support if they decline funding for living costs.

Under Ontario Works and the Ontario Disability Supports Program, the following practices apply to Registered Education Savings Plans:

- the full amount of any RESP held by a member of the benefit unit in respect of a beneficiary to whom they are related by blood, marriage or adoption is exempt as assets
- gifts received and voluntary payments into RESPs are exempt as income, as are amounts contributed to the RESP by the federal government under the Canada Learning Bond and the Canada Education Savings Grant initiatives
- payments from an RESP, intended and used for post-secondary education, received by a member of a benefit unit are exempt as income
- funds withdrawn from an RESP, in any form, and not used for post-secondary education are not exempt as income or assets.

The Saskatchewan Assistance Program counts as income the portion of student financial aid intended for basic living expenses. Full-time students who receive income from student loans or bursaries must use these funds to meet their expenses including tuition, books, living requirements and child care. The income is expected to meet clients’ needs for the number of weeks or

months for which the loan was intended. For university students, social assistance is provided to the date classes commence.

The Saskatchewan Assistance Program considers exempt all scholarships, fellowships and non-government bursaries – other than the value of free room and board provided as part of a scholarship, fellowship and non-government bursaries. By contrast, for the purposes of student financial aid, there is an exemption of \$1,800 on scholarships and bursaries.

Finally, under the Saskatchewan Assistance Program, money held in trust pursuant to a Registered Education Savings Plan within the meaning of the federal *Income Tax Act* is exempt where the subscriber of the plan is the recipient or the recipient's spouse and the beneficiary is a child of the recipient or the recipient's spouse. The Canada Education Savings Grant and Canada Learning Bond are also exempt. Registered Educational Savings Plans are counted as an asset, however, when assessing the need for student financial aid.

Student Aid BC has a list of assets considered exempt in determining eligibility for student financial assistance. Exempt assets include the value of a home, up to \$5,000 in RRSPs and a car worth \$15,000. Excess amounts must be used in support of education. Registered Education Savings Plans are counted as available assets when they are used for post-secondary educational purposes.

In Nunavut, social assistance does not count education-related measures as assets – including scholarships, Registered Education Savings Plans and the Canada Learning Bond – if these are used for their intended purpose. These exemptions are consistent with the principle of support for education (social assistance is actually housed in the Department of Education). The problem is that these asset-based measures have been of limited value in the North.

In yet another example of the diverse treatment of assets, Yukon deducts half of the amount that welfare recipients receive as a student loan. Half of the value of merit-based scholarships is deducted unless it is applied to tuition. In some instances, bursaries are applied to tuition fees – in which case nothing is deducted. Similarly, Yukon takes back 50 percent of the value of and proceeds generated through Registered Education Savings Plans, the Canada Education Savings Grant and the Canada Learning Bond.

Finally, an issue arose with respect to the treatment of education-related assets that had not been included in this study but was raised in the case studies gathered for this work. This unexplored area had to do with the treatment of the income and education-related assets of adult students in post-secondary education who are members of households currently on social assistance.

Herein lies the trap: Students applying for financial aid are expected to make a contribution to their studies through part-time earnings. Under social assistance, however, they are permitted to retain only part of these earnings and the rest is taken back by reducing the value of the

welfare payment. In the case of the household identified below, its social assistance payment was reduced by the amount of student earnings.

Between 2003 and early 2009, Susan (not her real name) encountered difficulty with an Ontario government policy which stated that any earnings her daughter received while attending university, living at home and working part time would be clawed back from Susan's Ontario Disability Support Program cheque. Fifty cents from every dollar earned was deducted from the ODSP cheque.

Because her daughter earned more than \$570 a month – the amount awarded to a single person on welfare, she was removed from the benefit unit entirely, causing Susan to lose \$200 in shelter and living expenses, and incur a further \$100 boarder charger. At that point, her daughter also lost medication coverage provided under welfare.

Fortunately, the Ontario Poverty Reduction Strategy announced an important change in policy – partly the result of Susan's story. The Ministry of Community and Social Services introduced a change, effective April 2009, to exempt the employment earnings of social assistance recipients who are attending full-time post-secondary education. The earnings of, and amounts paid under a training program to, persons in full-time attendance in an approved program of post-secondary study are exempt as income. This includes earnings and training amounts paid in the pre-study period – i.e., the 16 weeks immediately preceding the start of full-time attendance.

However, Susan is still uncertain of some of the specifics regarding the policy change. She wondered, for example, when a person is considered to be a post-secondary student – at the moment of receiving acceptance or when term one begins, and how long after graduation is their status adjusted?

It should be noted that in response to this question, Ontario Works officials pointed out that the study period as defined by OSAP is the time period in which a student is considered by the post-secondary institution and OSAP to be in school. The starting and ending dates for a student's study period is displayed on the OSAP website and is printed on documentation sent to the student by the Ministry of Training, Colleges and Universities. OSDP policy directive specifies that an exemption applies to income earned or paid both during the study period and during the pre-study period, defined as the 16 weeks prior to the start of the study period.

Despite the uncertainties, the change was a welcome policy shift. Other proposed reforms, discussed below, would help improve the interface in related areas as well.

## *Proposed Reforms*

The survey undertaken for this study on the interface between student financial aid and social assistance gave rise to widely diverse responses from jurisdictions throughout the country. But despite the variations in policy, several core messages emerge from this wide-ranging evidence.

It is clear that all provinces and territories have designed their respective social assistance systems to incorporate active measures. They want to ensure that all welfare recipients, to the extent possible, participate in some form of activity – such as basic educational upgrading, training or post-secondary education – that helps provide a route to self-sufficiency.

There appears to be general consensus that greater financial independence is a positive goal worth pursuing. There is no question about the need to ensure access to opportunities for educational and skills upgrading. In fact, most would agree that it is in the best and long-term interest of social assistance recipients to benefit as much as possible from this stated objective of welfare reform.

While welfare recipients may move off social assistance, many actually never move out of poverty because they end up in low-paying jobs or unstable employment. These individuals may not be better off if they have low wages, lose associated benefits, pay income and payroll taxes, and have to repay a student loan. The pursuit of market-relevant training or post-secondary education is an attempt to help welfare recipients find suitable opportunities that move beyond the low-wage labour market trap.

It is important to acknowledge that remaining on social assistance often works to the advantage of welfare recipients. They may be better off than student borrowers because the former have substantially lower debt to repay at the end of their studies. Welfare recipients can also retain access to health-related benefits, which may be worth a significant amount.

Others critique the current system on the basis that so-called active measures do little more than cycle welfare recipients between various programs. The movement from one financing source to another helps reduce the cost for individual departments but, over the longer term, does little for the well-being of those on social assistance.

Staying on welfare may have not only financial benefits. It also allows recipients to maintain contact with a case worker who, in theory at least, can provide individualized assistance and counselling in support of the success of the student. (Reference is made to ‘theory’ because the large caseloads of welfare workers make it almost impossible for them to provide the in-depth individualized support that ideally needs to be available to ensure success. It also has been noted that case workers sometimes act more as ‘control agents’ than as sources of support.)

There are no available figures on the numbers of employable welfare recipients who are case managed to attend post-secondary education in particular. Not surprisingly, however, several provincial and territorial officials pointed out that the proportion of the social assistance caseload that participates in post-secondary education is relatively small. In fact, one key informant talked about the possible methodology that might be employed to determine this number.

But the needs that these individuals represent apply more broadly than to this group alone. The target of this study effectively can be understood as a subset of a broader cadre of disadvantaged students. According to the Association of Canadian Community Colleges, the term “disadvantaged and low-skilled learners” refers to learners who may be marginalized, unemployed or employed in low-wage jobs, who may not have completed high school or are under-prepared for post-secondary level programs at colleges and institutes. These include learners enrolled in literacy, adult upgrading/adult basic education, college and career preparatory and access programs [ACCC 2008: i].

The relatively small population that comprises the focus of this study reflects a bigger systemic problem. In respect of this fact, the options for reform put forward in this section pertain to disadvantaged students more generally – with welfare recipients as one component of this larger population.

Discussions with key respondents throughout the country, along with relevant research, highlight the need for a multifaceted human resources strategy for disadvantaged learners, which involves far more than the reform of welfare and its interface with student financial aid. The provision of other associated supports, such as child care and extended health care, is essential. Possible reforms include the following interventions, each of which is discussed briefly below.

- better coordination
- improved accountability
- more information about available programs and associated financing
- individualized case management
- access to opportunities for educational upgrading
- provision of associated supports, such as health-related benefits and child care
- development of wrap-around approaches
- recognition of the special needs of rural and remote areas
- more non-repayable financial assistance.

### *Better coordination*

While the goal of financial self-sufficiency may be desirable, there are serious questions about the means currently employed to achieve it. In some jurisdictions, it appears that the two ministries or branches within the same ministry that are responsible for student financial aid and social assistance do not have sufficient contact to ensure a smooth transition to post-secondary

educational studies. Neither are they able to provide the kind of individualized attention and ongoing support that disadvantaged students typically require.

Some provinces and territories have consolidated their administration around the student aid/social assistance interface. Officials discuss common cases or they “flag” the person who is in contact with both systems and try to develop a plan.

In Newfoundland and Labrador, for example, the current interaction between student financial aid and social assistance works very well. A report is generated on a daily basis that identifies individuals who have applied within the last 24 hours for student aid and have indicated that they are receiving Income Support. A monthly report is also produced around the 10<sup>th</sup> of each month to determine if any student has been missed through the daily reports.

Enhanced coordination between the student aid and social assistance programs is also important to help students determine their eligibility and associated benefits. Timely sharing of information allows case workers to contact identified students early in the loan application process.

Respondents from Newfoundland and Labrador noted that when this contact is made, it is often determined that certain students may not be making informed career decisions but may have already started school or are about to commence studies. It would be helpful to create a way to ensure that all students in receipt of Income Support benefits (whether they have dependants or not) engage in a career development process prior to applying for post-secondary education and student financial aid.

Often, however, the coordination function is understood primarily as an auditing mechanism to prevent duplicate application, also known as “double dipping.” Survey respondents from Nova Scotia, for example, pointed out that the Department of Community Services and Department of Education would benefit from the ability to share information on common clients. Case-workers from Community Services could then review the supports that social assistance clients are receiving through student financial aid. If they are getting supports for which they are not eligible, interventions can take place immediately so as to protect their eligibility for social assistance.

Because changes in student aid policies affect social assistance clients, Nova Scotia Student Assistance briefs the Department of Community Services about the introduction of new programs or changes to existing programs. According to the NS Student Assistance Office, a significant area that needs to be explored in future involves data and information sharing, which are complicated due to privacy agreements.

In BC, there is an electronic interface between student financial aid and social assistance to order to identify common cases and prevent duplicate application. However, the interface currently goes only one way – with student financial services sending information to social assistance. Ideally, the exchange of information should go both ways so that potential problems



and overlap can be pinpointed as early as possible. However, the fact that there is an interface at all in that jurisdiction was cited as good practice.

In Nunavut, there is a question on the student financial aid application about receipt of social assistance to ensure no duplication between the two programs. The move between social assistance and all forms of education and training is made somewhat easier by the fact that the former is housed in the Department of Education.

Nunavut respondents noted that a significant proportion of the population has had some experience with social assistance and the program is not regarded with the same stigma as it is south of 60. People can move easily from social assistance to post-secondary education. In fact, students in Nunavut are encouraged to make this move if they can – student financial aid is a more generous program and the pursuit of post-secondary education is seen as a positive step. The only possible concern is that students must understand that they are moving to a program in which the financial aid must be repaid – unless they qualify for a primary loan which is remissible to those who stay in, or return to and work in Nunavut. Students are often not aware of possible repayment assistance.

Improved coordination would help low-income students who typically require a variety of supports in order to pursue post-secondary education. Better coordination would also enable officials from both programs and their associated departments to understand the interface problems that the respective rules create.

Student financial aid systems assume, for example, that applicants can make a financial contribution toward the cost of their education. As explained, welfare recipients must liquidate virtually all assets before applying to the program. If they do have sufficient assets to contribute to their education, they no longer are considered eligible for assistance. If they earn income to help contribute to these costs, they are not permitted to earn amounts that exceed certain levels. Several respondents pointed out the contradiction or “Catch 22” that these rules create.

Some interface problems are rooted in administrative complexities. Many students get caught with a cash flow problem because of administrative lags – the time period during which support from one program ends and another begins. An official from New Brunswick noted that the social assistance program in his jurisdiction actually makes provision for one-month emergency payments to compensate for these administrative time lags, which clearly can create problems for low-income households with no safety net or personal cushion upon which to rely.

Others noted that the programs themselves inadvertently can create pressures. Certain financing arrangements make provision for time-limited assistance. One respondent pointed to student financial assistance made available for two years only. Many disadvantaged students often require more time to complete their studies – whether the result of their own personal learning needs or because of household circumstances. One respondent believed that many more students would be able to succeed if there were greater flexibility in responding to special circumstances and the provision of associated supports.

Finally, the survey response process itself represented some of the problems embedded in the interface between the student financial aid and social assistance systems. In two jurisdictions, the survey was completed by both ministries responsible for these programs and returned as a joint statement. In other cases, officials from two ministries participated together in an interview; a set of follow-up notes was prepared and returned to them for verification. However, in several instances, the respondent from one ministry did not even know the name of the colleague from the corresponding ministry, despite the fact that both officials were responsible for the interface. It is clear that more work is required to ensure a better integrated system.

### *Improved accountability*

Welfare recipients may find that various ministries use different definitions related to status or income. They may permit variable levels of exemption on assets. Numerous studies have pointed to the fact that eligibility for a benefit, program or service under one ministry often results in the loss of benefits or services from another source, inadvertently leaving individuals worse off than before they were considered eligible for the assistance [Stapleton 2007; Torjman 2000].

Another problem with the interface between student financial aid and social assistance is the fact that there is no single authority responsible for supervising this relationship or for ensuring the accountability of these interacting policy and programs. Neither is there any political or administrative oversight of the policy foundation or implementation apparatus for any of these joint files. Furthermore, there is no identified or designated body to which a student or social assistance recipient can appeal the between-program decisions, which often negate many of the provided benefits.

The accountability problem is not unique to the student financial aid/social assistance interface. It arises when individuals apply for assistance from measures rooted in different ministries. While this study looks at the interaction of only two programs, welfare recipients typically come into contact with at least two other systems in addition to social assistance. Social housing, child care and extended health care are among the more common – though ministries responsible for immigration and Aboriginal affairs also figure prominently in the lives of new Canadians and Aboriginals, respectively.

### *More information*

It is clear from earlier descriptions that the interface between student financial aid and social assistance is complicated and often confusing for students (as well as government officials themselves and researchers!) to understand. As noted in the discussion on methodology, it took nearly three months to gather the information on this interface from the 13 provinces and territories throughout the country.

Moreover, the two systems that comprise the focus of this study – student financial aid and social assistance – are both convoluted policy areas bound by countless rules and associated exceptions. The Ontario welfare system alone has an estimated 800 rules that guide its policies and practices [25 in 5 Network 2009: 9].

A report published by the Association of Canadian Community Colleges noted that there is generally a lack of accessible information about adult learning opportunities in Canada. While most jurisdictions have websites intended for adult learners, these sites can be difficult to navigate and often employ challenging text rather than plain language. The Association concludes that there is a need for more comprehensive and integrated approaches to promoting learning opportunities on labour market demands tied to educational requirements and skills development options [ACCC 2008: 21].

There are various funding programs for learners available through provincial, territorial and federal governments for social assistance and employment insurance recipients as well as programs aimed at assisting learners from specific under-represented groups such as Aboriginal people, immigrants and people with disabilities. However, many learners find it difficult to access these funding sources due to the complexity of the systems in place and the restrictions of many of the programs that are available. For example, many provincial/territorial and federal government programs are employment or post-secondary level-focused and learners who must begin in literacy or adult upgrading programs are often not eligible to apply [ACCC 2008: vi].

Despite the complexity of the student financial aid and social assistance systems, it is possible to convey clear information in a concise way. Student Aid BC, for instance, has prepared materials intended explicitly for social assistance recipients interested in pursuing post-secondary education. The text of its financial aid provisions is available online and reads as follows:

Normally, students are not eligible to receive benefits from the B.C. Ministry of Housing and Social Development while they are attending post-secondary studies, with the exception of students with permanent disabilities who receive disability assistance.

If you are eligible for income assistance or disability assistance benefits while you are studying, you will be part of an agreement between the Ministry of Housing and Social Development and the Ministry of Advanced Education and Labour Market Development.

Under the agreement, the Ministry of Housing and Social Development continues to provide maintenance for shelter, food and other needs, while the Ministry of Advanced Education and Labour Market Development, through StudentAid BC, will consider paying these added costs:

- tuition/fees
- books/supplies
- disability allowance (for miscellaneous educational costs)
- transportation
- unsubsidized child care (age 11 or under)

Contact your employment assistance worker to discuss your education plans and the financial assistance available to you.

This text sums up just about everything that applicants need to know about the student financial aid/social assistance interface. Concise and clear information should be more readily available throughout the country, given the crucial role of post-secondary education in economic success. Even anti-poverty groups are now citing educational upgrading as a desired outcome of their own local efforts.

A major community-based poverty reduction initiative in Windsor-Essex, for example, identifies an increase in education and skills training as one its major poverty reduction indicators of success. The latter includes a reduction in high school dropout rates, a rise in the number of recipients of Ontario Works and the Ontario Disability Supports Program who pursue post-secondary education and obtain employment, and an enhancement of literacy proficiency [Steering Committee 2008].

In addition to guidance about the range of educational program possibilities, there is also a need for information about available financing options. Several respondents noted that welfare recipients may be concerned about engaging in a financing arrangement like student financial aid which, unlike social assistance, must be repaid.

Social assistance case workers need to engage in more frequent and in-depth conversations with welfare recipients if they are required to leave social assistance before applying for student financial aid. The potentially negative factor is that students must repay much of the debt that they incur while pursuing their education.

These recipients may be unaware of the fact that are eligible for repayment assistance either through remissible treatment of their loan (i.e., it is ignored if they complete their studies or if they finish their studies and remain in the jurisdiction) or through extension of the repayment schedule. It will be important to ensure the widespread dissemination of information about the new measures replacing the Canada Student Loans Program that make provision for more repayment assistance.

While there are several available measures to assist with repayment, these options are often not made clear to prospective applicants. Under the Canada Student Loans Program, for example, students can apply to have debt payment deferred for up to 30 months after completing their studies. After that time, they can request the development of a debt reduction plan. Without good knowledge of various repayment options, it is possible that some students choose not to pursue post-secondary education because of their concern about debt repayment at the same time that they will have to support themselves and their families.

Several respondents noted that contact around joint clients at an earlier stage would help ensure that students receive good information which enables the development of debt repayment plans over the longer term. In fact, one respondent pointed to research which shows that first-generation students in Canada, in particular, often consider debt burden as a deterrent to post-

secondary education and are unaware of repayment assistance options. One student financial aid official argued that current programs do not do a good enough job of “messaging” – i.e., providing information about the various financing measures to help low-income students.

Of course, access to up-to-date information about both program options and financing possibilities is only one side of the equation. Individualized support in terms of understanding these options and gaining access to these programs are equally important aspects of the work.

### *Individualized case management*

It is not surprising that welfare recipients who seek to pursue post-secondary education generally require substantial assistance in terms of educational options and associated financial aid. The decision to choose an educational route to self-sufficiency is not an easy one because it could entail many years of commitment to a course of study with no guarantee of a good job at the end of the day. This reality is especially true for students with severe disabilities who typically face employment discrimination.

In fact, the goal of financial self-sufficiency is often not possible for many others who experience personal pressures, such as caring for a child with a disability or an ailing parent. One government official noted that welfare recipients who do manage to succeed in the post-secondary route likely have been supported by an individualized approach.

The need for individualization is not a new idea in welfare. More than a decade ago, administrators in Ontario were proposing this type of process. They argued that “an individualized case management approach, integrated into a workfare/learnfare strategy and coupled with necessary support services, would be particularly effective in aiding participants eventually to achieve self-sufficiency through meaningful employment” [OMSSA 1995: 4].

The prototype of this approach actually was put forward in the *Transitions* report on welfare reform in Ontario which proposed the concept of ‘opportunity planning’ as the means by which recipients are enabled to make the transition from dependence to self-reliance [SARC 1988: 206]. The opportunity planner and welfare recipient would develop an action plan that builds on the individual’s current skills and strengths, and is consistent with available resources and opportunities. The jointly devised plan would take into account a recipient’s longer-term aspirations and would identify the activities, services or programs that support the attainment of these goals.

Several survey respondents expressed concern about the fact that welfare recipients are expected, with minimal advice and support, to make difficult life choices that have long-term implications. There are not many opportunities to try again or reapply for funds if the initial decision turns out to be an inappropriate or uninformed choice.

The challenge of returning to post-secondary education is especially difficult for older learners. There is a need for guidance, mentoring, ongoing support and individualized assistance. One respondent noted that the highly competitive labour market makes it difficult for many former welfare recipients to succeed. Upon graduation, some post-secondary graduates still face the prospect of low-paying jobs that may make it hard for them to support their families as well as repay their student debt.

The problem was – and still is – lack of sufficient funding for this individualized case management function. There are few resources for intensive assistance to help individuals make tough choices and pull together the resources required to support the pursuit of post-secondary education over the course of several years.

The lack of individualized attention is exacerbated by the fact that both student financial aid and social assistance programs are strapped in terms of sufficient staff time to carry out their current work responsibilities – let alone assume a more robust case management function. Even in responding to the survey undertaken for this study, many jurisdictions made reference to their serious capacity problem and to the fact that it would take them some time to free up the staff to reply to the questions. Neither is there sufficient time to focus on the policy issues and barriers that the systems themselves often create.

In fact, there are staff shortages even in terms of basic administrative oversight. Case workers currently are hard-pressed to carry out the basic requirements of their job. One of the key informants whose story was documented for this study currently receives benefits under the Ontario Disability Supports Program (ODSP).

John (not his real name) has experienced that in spite of its clear-cut rules, ODSP's review and operational procedures do not encourage compliance. Told to keep the receipts from every purchase he makes and be prepared to review them every six months, John has not been contacted by a case worker in the year he has been receiving benefits. After repeated telephone inquiries, John recently discovered that his physiotherapy costs are considered too specialized to be covered by ODSP. [It should be noted that ODSP officials who reviewed this report indicated that physiotherapy is covered by the Ontario Health Insurance Plan (OHIP) under ODSP.]

The lack of individualized attention makes it difficult to find out about and then try to access opportunities for basic educational upgrading. This issue is considered below.

#### *Access to opportunities for educational upgrading*

Several respondents to the survey pointed out that many welfare recipients and other disadvantaged learners need to complete high school or upgrade their basic literacy and numeracy skills before they are able to consider pursuing post-secondary education. One respondent noted that while the pursuit of post-secondary education is of concern to social assistance, most education and training efforts focus on the primary needs of recipients:

improved literacy and numeracy. Social assistance tends to fund adult basic education and short-term (less than 11 weeks) skill-based training programs to bolster the relatively low level of skills.

A recent survey carried out by the Association of Canadian Community Colleges identified the many adult basic education and adult upgrading programs offered at colleges and institutes throughout the country [ACCC 2008]. These programs help bridge the high school/post-secondary gap for many learners who may not have completed high school or who are unprepared for post-secondary studies due to lack of academic prerequisites.

Despite the presence of these programs, many learners face barriers which make it difficult for them to access educational upgrading options. Application and admissions processes are often cumbersome, difficult to understand and lengthy, and even more problematic since most are now Internet-based. Disadvantaged and low-skilled learners may not have ready access to computers and Internet, or lack the literacy and technical skills required to complete online forms.

Some learners lack the required academic preparedness and are unaware that they can acquire high school equivalency in a community college. Personal issues and challenges include the fact that many learners are intimidated by post-secondary education, have limited confidence and may also have health, mental health or addictions challenges. Lack of access to child care, stable housing and accessible transportation pose barriers for some learners to access and remain in programs [ACCC 2008: 81].

### *Provision of associated supports*

Educational measures are themselves of little value in the absence of basic supports essential for participating in post-secondary education. It is not easy for welfare recipients to decide to pursue post-secondary education or, in fact, any of the possible pathways to self-sufficiency. They face significant barriers, known collectively as the “welfare wall” [Torjman and Battle 1993]. The welfare wall refers to the fact that recipients who leave social assistance to join the paid labour force typically lose hundreds or even thousands of dollars in direct and in-kind benefits which they received on welfare. Households with dependent children face the biggest obstacles.

A serious concern for working parents is the availability of high-quality, affordable child care. Quality, licensed care is essential not only to ensure that parents can participate successfully in their training or work-related experience but also to promote the healthy and safe development of children. Child care is vital for poor families struggling to climb over the welfare wall to both find and keep jobs.

The demand for quality, affordable child care far outstrips the available supply. Services are uneven between and, in most cases, within provinces and territories. There is nothing

approaching a national system – other than in Québec which has woven high-quality affordable child care into its economic and social fabric. Most families in the rest of Canada rely on unregulated child care bought or traded on the market, typically from neighbourhood providers or made available by relatives.

The cost of health- and disability-related special needs, including prescription drugs and dental care, also presents a major barrier to moving off social assistance. The special assistance budget within provincial and territorial welfare generally provides for these needs in the form of wheelchairs, hearing aids, prosthetic equipment, medications and assistive devices for independent living or work. When recipients try to leave welfare, they may lose access to this vital health-related assistance.

Ideally, supplementary health-related benefits would extend to a broader segment of Canadians, including students moving off welfare, so that they are not tied to social assistance in order to maintain access to these essential benefits. There has been some progress in this regard.

Prince Edward Island, for example, provides disability supports through a program outside of welfare. In Ontario, the Children in Need of Treatment program makes available emergency and essential dental care at no charge to children ages 0-13 in low-income families. In fact, the Ontario Poverty Reduction Strategy released in November 2008 announced that the Children in Need of Treatment program will be expanded to include children up to age 18. In 1996, BC introduced the Healthy Kids Program to help low-income families with the cost of basic dental care and prescription eyewear for their children under age 19. Children are eligible for \$700 of basic dental services per year and for prescription eyeglasses once in a 12-month period.

In short, any reform that seeks to move recipients off social assistance must make provision for overcoming various components of the welfare wall in order to help reduce the multifaceted barriers they typically face. Wrap-around approaches, described below, represent one type of multifaceted intervention.

#### *Development of wrap-around approaches*

The Association of Canadian Community Colleges (ACCC) argues that disadvantaged learners face barriers to accessing required support services. Many are intimidated by the post-secondary educational environment, are afraid to ask for help or are simply not aware that such services exist. The ACCC points to the need for holistic wrap-around supports for all learners. The approach is captured visually in Appendix D.

The term “wrap-around support services” is intended to reflect the need for a comprehensive range of supports that meet the needs of disadvantaged learners. The approach begins with the student at the centre of the intervention and creates an integrated and individualized package of educational, personal and financial supports.



While these services are important for learners in upgrading and preparatory programs, they are also essential for post-secondary learners who may be facing challenges such as personal, health or mental health difficulties, a learning or physical disability or lack of financial resources.

Colleges and institutes have learned that they must provide more individualized services that account for learners' life experiences and the barriers they face that make participation in education programs and retraining difficult or even seem impossible. Institutions have also learned that the success of the programs for this client group depends on a strong, long-term commitment to providing the mix of wrap-around support services and tailored programs that best address the needs of particular groups of disadvantaged learners [ACCC 2008: vii].

The ACCC argues that integrated approaches which combine literacy, adult upgrading and post-secondary courses as well as employment readiness training and required support services are essential to enable the possibility of success. The delivery of student services must turn to more proactive approaches that engage learners at the beginning of their programs and follow through to facilitate their transition into the world of work [ACCC 2008: vii].

### *Recognition of special needs of rural and remote areas*

It became clear during the course of this study that rural and remote regions of the country have a range of special needs when it comes to post-secondary education. In addition to the problems that apply to all jurisdictions, rural and remote areas face a set of unique challenges. These difficulties are exacerbated when it comes to serving disadvantaged students. Gaps in programs and services are all the more profound in these parts of the country.

Travel costs associated with post-secondary education were also identified as a problem, particularly in the North. There are few options for students seeking post-secondary educational programs and most must travel south of 60 to pursue these studies. Distances are far and transportation is expensive. The costs of travel and relocation are rarely acknowledged as additional costs of living in the north. Programs need to make special provision for this factor, which is unique to rural and remote areas.

In recognition of the high travel costs, Nunavut Student Financial Aid provides extra assistance for this purpose. Its basic grant includes the cost of airfare to the nearest Nunavut Arctic College location offering the program or if it is not offered in Nunavut, the southern gateway city closest to the selected school.

Lack of appropriate statistical data was identified as another challenge. Statistical information that is relevant to the North is a more general problem in several areas, such as numbers of Nunavut graduates. These students typically get counted in the statistics of the southern universities they attended. Neither is there adequate information on the numbers of students with disabilities who reside in Nunavut.

As in other parts of the country, fragmentation of funding was noted as a concern in rural and remote areas. Institutions must piece together funding sources tied to the criteria for which different learners are eligible, including the Aboriginal Human Resource Development funds, social assistance, and Bands and Tribal Councils. Such funding is sometimes referred to as “fly by” or “carousel” financing, which makes it difficult to develop sustained community partner initiatives to enhance both the dignity and skills of disadvantaged students [ACCC 2007: 3].

Finally, inadequate resources for technology-enabled/delivered education and limited broadband access comprise significant barriers in rural and remote parts of the country. Lack of sufficient supports for innovative approaches that are particularly helpful for vulnerable students, such as literacy programs on DVDs, complemented by learning tutors and counsellors at colleges [ACCC 2007: 3].

### *Non-repayable assistance*

Better coordination, improved information, individualized case management and wrap-around approaches would help meet some of the barriers that disadvantaged students face when they seek to pursue post-secondary education. However, these measures respond to only one component of the problem. The availability of financing, as noted throughout this report, is another major barrier for disadvantaged students.

Several studies have been undertaken over the past few years on the costs and financing of post-secondary education. There is also an extensive literature that explores the strengths and weaknesses of investing in the ‘supply’ of post-secondary education – in the costs of colleges and universities – relative to the ‘demand’ side of the equation, which helps offset tuition fees paid by learners.

Clearly, improved financing is not an either-or option. It is essential to fund both the demand and supply sides of the post-secondary educational coin. The challenge is to determine the most desirable balance in this funding arrangement – the proportion to send directly to the institutions relative to the proportion sent to learners.

There has been a significant increase in the amount of financial aid that students are receiving on a per-recipient basis – the first noteworthy real increase in a decade. The proportion of needs-based financial assistance that is non-repayable has reached 30 percent – a level twice as high today as it was 15 years ago. This change is the result of two waves of program improvement: the introduction of the millennium bursaries in 1999-2000, and the creation of the millennium access bursaries and the Canada and Ontario Access Grants in 2005-06.

The proportion of non-repayable aid varies significantly from province to province, from a low of 12 percent in BC to a high of 48 percent in Manitoba. This variation produces

differences in the amount of repayable aid in the form of loans with which students are left with in each province [Berger and Parkin 2008: 2].

The new Canada Student Grants Program slated to take effect in 2009-10 will integrate the current patchwork of programs and will help a larger group of students who have financial need. The pending arrangement is intended to ease financial burden through both improved access and the fact that the financial aid is basically non-repayable assistance.

However, the reviews of the incoming system are mixed. While some jurisdictions expressed concern about the dismantling of the Canada Millennium Scholarship Foundation, they welcomed the fact that the new program will favour the provision of grants – a form of non-repayable assistance.

But respondents also identified several potentially serious problems with the new measures. First, provinces and territories have received very little information on the administration of these grants. It is therefore difficult to determine if and how adjustments to their respective systems will be required. There is no information on how jurisdictions that are not integrated with the current Canada Student Loans Program will be affected. The uncertainty was made all the more unsettling by the lack of information so close to the start of the new fall term.

The fact that the grants will be delivered as up-front cash raised another concern. One respondent to the study survey argued that a good student financial aid system consists of a balanced combination of loans and grants. BC cancelled its up-front grant in 2004, for example, because of a “grant grab” problem in which many students took the up-front money and then failed to pursue or complete their studies.

The respondent believed that a preferable approach is to provide initial assistance in the form of loans but to convert these fully or partially to after-the-fact grants. Upon successful completion of the educational program, these grants are then directed to the financial institution to help pay down the debt of a given student. This kind of system helps ensure financial accountability for the province and rewards academic success for the student.

## ***Conclusion***

Student financial aid and social assistance are complex systems in themselves. They are all the more difficult when put together. It is clear that more information is needed about the interface, actual programs and associated financing in order to help disadvantaged students make good choices.

It is also important to ensure that welfare recipients who are case managed for ‘self-sufficiency’ are not worse off as a result of the choice that they made to pursue post-secondary educational studies. Access to additional supports such as child care, essential transportation, and health-related and dental care is essential.

Another key conclusion of this study boils down to a fairly simple conclusion: a dollar is not a dollar when it comes to student financial aid/social assistance. While social assistance is low, it nonetheless does not have to be repaid. The problem of repayment may be less of an issue when the new Canada Student Grant Program takes effect. Social assistance also comes with access to other essential supports for personal and health- or disability-related needs. Finally, social assistance enables access – at least in theory – to a case manager for relevant information and individualized support.

The challenge is figure out how to create the supports for disadvantaged students that welfare provides – outside of welfare.

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***Appendix A:  
Questions for Provincial/Territorial Officials  
Student Aid/Social Assistance***

***Definition***

The purpose of this study is to explore the interface between provincial/territorial student financial aid and provincial/territorial social assistance. Social assistance programs often adopt the definition of “full-time post-secondary educational student” employed by federal or provincial/territorial student loans programs.

- How does the social assistance program in your jurisdiction define “full-time post-secondary educational student”?

***Students applying for financial aid***

The first group of questions in this study pertains to the policies and procedures regarding full-time post-secondary educational students who require financial aid. Our understanding is that these students would be directed to the provincial/territorial student aid system in order to receive a loan and possibly a grant or bursary for additional costs.

Some provinces/territories do not permit post-secondary educational students who are eligible for – or who are receiving – a provincial or federal student loan, grant and/or scholarship to apply as well for social assistance to help offset their living costs. Other provinces/territories allow application for social assistance only if applicants meet certain eligibility criteria (e.g., they have a disability) or have exceptional circumstances or high financial needs (e.g., they are sole-support parents).

- Does your province/territory allow full-time post-secondary educational students with exceptional circumstances or high financial needs to apply for social assistance in addition to provincial/territorial student aid?
- Do your provisions for post-secondary educational students with disabilities differ from those for students without disabilities?
- Those jurisdictions that permit applications for social assistance calculate financial need on the basis of a “budget deficit.” They assess identified need against available resources. For the purposes of the budget deficit calculation, some provinces/territories count as income the full value of a provincial/territorial or federal student loan, grant or bursary. Is that the case with your jurisdiction?
- For the purposes of the budget deficit calculation, some provinces/territories exempt the value of merit-based scholarships. Is that the case with your jurisdiction? If not, please elaborate.



- For purposes of the budget deficit calculation, most provinces/territories exempt the value of and proceeds generated through Registered Educational Savings Plans. How does your jurisdiction treat this financial asset?
- For purposes of the budget deficit calculation, how does your province or territory treat the value of and proceeds generated through the Canada Learning Bond and/or Canada Education Savings Grant?

### *Social assistance recipients applying for financial aid*

The second group of questions pertains to the set of policies and procedures related to current social assistance recipients who are considering – or have been accepted for – post-secondary educational studies. Our understanding of social assistance systems is that recipients deemed employable are encouraged to return to school, seek training or accept paid employment, where available and appropriate.

- Are social assistance recipients who plan to pursue full-time post-secondary education required to formally leave social assistance or do they remain part of that system for a period of time until they are firmly established as students?
- We assume that social assistance recipients who plan to pursue post-secondary education will require financial aid. Are they automatically directed to the provincial/territorial student aid system at that point to help with the cost of their tuition, books and school fees? Are they expected, as other students, to make a private contribution to support their education?
- Does social assistance continue to pay all or part of the basic living needs of these recipients or are they now deemed to be “off welfare”? Do student welfare recipients with exceptional circumstances or high financial needs remain eligible for aid with their basic living costs?

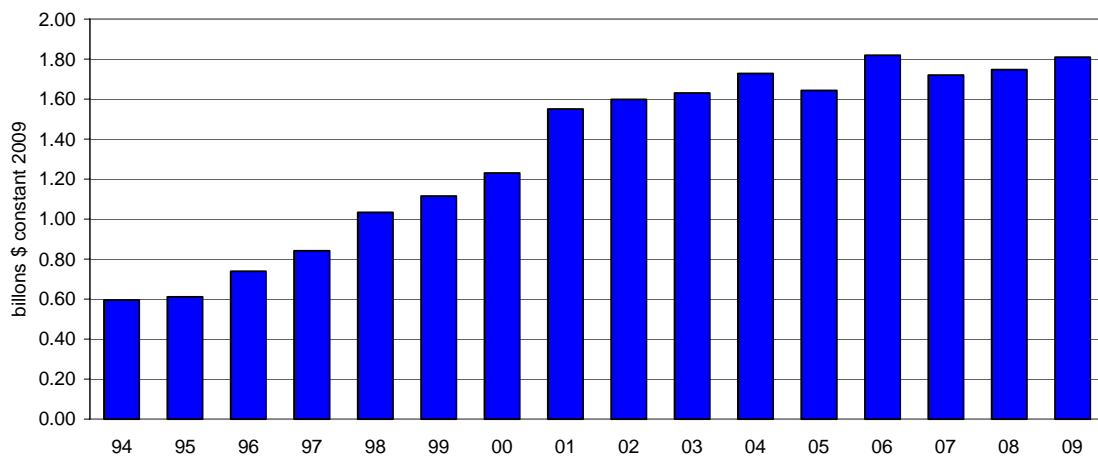
### *Interface of social assistance/student aid*

- Are you aware of any problems related to the interface of the social assistance/student aid systems? If so, do you have any suggestions for proposed improvements or changes?
- Are there policies and practices regarding the social assistance/student aid interface that appear to be working particularly well in your province or territory?

*Appendix B:\**  
*Education-Related Income Tax Measures*

Most of the recent growth in government transfers to students has had little impact on access. For the past 15 years, the federal government has favoured tax credits as a means of providing more financial support to students and their families. Federal expenditures on the several post-secondary tax measures – the tuition, education and textbook tax credits; Registered Education Savings Plans (RESPs); partial exemption from taxation of scholarship, fellowship and bursary income; and the student loan interest credit – grew from \$439 million in 2004 – \$596 million in inflation-adjusted 2009 dollars – to \$1.8 billion in 2009, so they tripled in value in that period. The provinces and territories also forgo income tax revenue to these tax breaks.

**Total federal spending on post-secondary education tax benefits, 1994-2009, in constant 2009 dollars**



Post-secondary education tax reductions help some families, but they disproportionately benefit students who do not need financial assistance. Such tax credits are non-refundable, which means that they are of little or no use to students from lower-income families with low or no taxable income and thus pay little or no income tax. Moreover, these tax breaks are paid only once a year at income tax time, so their support comes some months after tuition, books and rent must be paid [Baldwin and Parkin 2007: 49].

We analyzed the distribution of federal income tax savings from the tuition, education and textbook credits in the 2006 taxation year, the most recent data available. A total of 2,221,810 tax filers claimed the three tax benefits for a total amount of \$9,027,416. Total income tax savings amounted to an estimated \$1,188,000.

The 2,221,800 claimants for the three tax measures represent 9.6 percent of all tax filers. Relatively few tax filers in the bottom \$10,000-and-under group claimed the postsecondary tax benefits – 42,210 tax filers or just 0.9 percent of all tax filers in that group. The largest take-up of the three tax benefits was by tax filers in the highest-income group – \$250,000 and above – 21,870 or 14.2 percent of whom claimed credits.

The average amount of the three post-secondary expenditures claimed was \$4,063, ranging from \$429 for claimants with incomes under \$10,000 to \$5,445 for those in the top \$250,000 and over group. Average federal income tax savings from the three benefits came to \$535, ranging from \$4 for the under – \$10,000 category to \$829 for the \$250,000 – plus group.

Low- and modest-income claimants, with incomes under \$50,000, are under-represented in share of benefits from the three post-secondary tax credits because their share of total federal income tax savings (64.3 percent) is less than their share of all claimants (70.6 percent). Higher-income claimants, with incomes over \$50,000, are over-represented because their share of tax savings (35.7 percent) is more than their share of all claimants (29.4 percent).

\* Appendix B was written by Ken Battle, President of the Caledon Institute of Social Policy.

***Appendix C:  
Departments Responsible for Social Assistance***

- Human Resources, Labour and Employment, NL
- Social Services and Seniors, PEI
- Community Services, NS
- Social Development, NB
- Employment and Social Solidarity, QC
- Community and Social Services, ON
- Family Services and Housing, MN
- Social Services, SK
- Employment and Immigration, AB
- Housing and Social Development, BC
- Health and Social Services, YK
- Education, Culture and Employment, NWT
- Education, NU

**Appendix D**  
**Framework for Wrap-around Approaches**  
**Association of Community Colleges of Canada**

