

Newfoundland introduces loan forgiveness program

BY MICHAEL CONNORS

ST. JOHN'S, Nfld. (CUP) — Students graduating from post-secondary schools in Newfoundland will now have portions of their provincial student loans forgiven, provided they finish their studies within a certain time frame.

A new loan remission program sets a debt ceiling of \$22,016 for all students who graduate from a post-secondary program that is at least 80-weeks long. If a graduating student's total debt-load is above that ceiling, the Newfoundland government will pay back the excess debt in their provincial student loan.

"This was the selling thing when [the federal government] changed the loans program in '94...and they got rid of grants," said Randy Miller, a student council vice-president at the Memorial University of Newfoundland (MUN). "We were told they would have a loan forgiveness program for students with a high debt-load."

"This is the final product this year, and the students who graduated in April are the first group who qualify for it."

However, because of a timely completion requirement, students who take too long to graduate will not be eligible.

In general, the program calls on students to complete their studies within one year of the prescribed time. A student doing a standard four-year undergraduate degree is given five years to finish, and the government will only excuse those excess debts accumulated within the first four years.

Miller says that doesn't take into account certain realities of student life.

"It doesn't take into account people who have kids who can't do five courses a term, it doesn't take into account students who switch programs [part-way through their studies]," he said.

According to figures released by the university, only 30 per cent of MUN students take five courses every semester. Timely completion rates vary from faculty to faculty, ranging from 60 per cent of full-time students doing bachelors of arts, to 90 per cent of full-time students doing bachelors of engineering.

Many students who combine full and part-time semesters throughout the course of their studies take even longer to graduate.

Other groups potentially excluded by the timely completion requirement, says Miller, are students with disabilities and students who transfer their credits from one institution to another.

Heywood Harris, director of student aid at MUN, acknowledges that the timely completion requirement doesn't take into account legitimate reasons for delayed graduation. But he says that many of those cases will be taken care of by the program's appeals committee.

"I think it's impossible to design a program in which you're going to cover every eventuality," Harris said.

The committee will examine

appeals on a case-by-case basis. Any rulings it makes with regard to students who have special circumstances will be considered precedents.

Harris says the timely completion requirement is necessary, because without it, people could conceivably take eight years to complete a four-year program.

Who will sit on the committee has not yet been determined, but Harris says there will be student

representation. Dale Kirby, chair of the Newfoundland component of the Canadian Federation of Students (CFS), already has a seat on the committee.

"We're hoping that the criteria is not going to be as stringent as it seems on first glance," Kirby said. "These are the people with larger amounts of debt. The government's been trying to weed them out because they think they're foot draggers, they're not pulling their weight."

Besides being critical of the timely completion requirement, Kirby says the debt ceiling of \$22,016 is too high, and needs to be lowered to a more manageable level.

In a recently released policy document, the provincial component of the CFS proposed that loan remissions should be granted at the end of every study period, instead of after graduation. Any student who completes a semester of school in clear standing would be eligible for a grant which could be deducted from the principle of the loan.

Kirby says he is hoping to meet with federal officials about including these proposals in a federal loan forgiveness program.



Loan scheme leaves students in debt

BY SARAH SCHMIDT

TORONTO (CUP) — Some Ontario students could end up paying nearly three times the actual cost of their education if the Ontario provincial government implements its controversial student loan proposal.

"It's like you pay for three houses and you get one," said a second year University of Toronto computer science student upon hearing of the details of the new plan while waiting in line to process his student loan.

The scheme was developed jointly by the Ontario and federal governments and allows students to pay back their debt at a rate which is in line with their income.

But according to a computer simulation model, nearly 20 per cent of students will be unable to pay off their loans before a 25 year maximum repayment period runs out.

And under one scenario, a student graduating with a \$31,000 debt would end up paying more than \$80,000 in interest.

"It just seems like there's always bad news coming up — tuition hikes, losing grants and now this new proposal," said Ed Choi, who has had no choice but to borrow the maximum amount in order to attend U of T.

Choi completed his first degree at the University of Western Ontario debt-free. Relying on grants, he graduated before the government scrapped them in 1993.

With this new plan, not only would he owe the bank the amount borrowed for schooling costs, he would no longer get any interest breaks.

The plan calls for the end of interest relief as well as the introduction of compound interest — which means students would pay interest on the principal as well as

on the accumulating interest.

While the Ministry of Education stresses that this model represents only one proposal among many at the negotiating table, it is one version of the new student aid approach they are pushing to set up by the fall of 1998.

"The current [student loan] system isn't working very well," said David Trick, assistant deputy minister of the post-secondary education division of the ministry, pointing to the inflexible repayment

schedule and the unrealistic 10-year maximum students have to pay back debts. "Students were asked to take on more debt but nothing was done on the repayment side."

Although there is agreement among the main players — students, universities and the lenders — that the current system needs reform, there is widespread disapproval of what is currently on the table, even from those who support the idea of an income-based repayment scheme.

"It's intended to let governments off the hook," Henry Mandelbaum, acting executive director of the Ontario Confederation of University Faculty Associations, said.

Mandelbaum would like to see this plan killed altogether.

"Government just can't abdicate its responsibility. There's a societal advantage to have an educated society," he said.

Loans hit record numbers

BY DAVID COCHRANE

OTTAWA (CUP) — More students than ever before are relying on government-funded student loans to finance their post-secondary education.

The most current Canada Student Loan statistics available report that 338,867 people received student loans during the 1995-96 academic year, an increase of almost 100,000 people since 1990-91.

With total post-secondary education enrollment hovering at about one million, that means more than one out of every three students has to borrow to pay for their education.

Those numbers don't include Quebec or the Northwest Territories, which run separate student aid programs. Also not included are the number of students who negotiate loans with private banks.

Brad Lavigne, national chairperson of the Canadian Federation of Students, (CFS) says the reason more people are borrowing is because rising

educational costs have outstripped earnings.

"It's an overall decline in real wages, particularly for young people," Lavigne said. "In real terms, wages for a university graduate today are equivalent to a high-school graduate in the late 1970s."

Also, in the past 10 years the average tuition fees for an undergraduate arts program has doubled, Statistics Canada reports, while the cost of living increased 37 per cent.

The result has been what Lavigne calls a "debt explosion." The CFS reports that since 1990 the average debt load of students who borrow increased from \$8,700 to \$25,000 by the end of this year.

In that same period there has been a sharp increase in the number of students going broke. Human Resources Development reports that 7,850 Canada Student Loan recipients declared bankruptcy during the 1995-96 school year.

In 1990-91 that number was just 3,300.

Those numbers show that fewer people can afford a post-secondary

education Lavigne says.

"At one point one could argue that it was the lower income people who couldn't afford [post-secondary education]," he said. "Now what we are seeing is the emergence of middle-class people who can't afford it and are forced to take out student loans."

Lavigne puts a lot of the blame on the federal and provincial governments. As all levels of government try to reduce their deficits, transfer payments and educational funding have decreased sharply.

Hoops Harrison, executive director of the Canadian Alliance of Student Associations, says post-secondary institutions must also shoulder some of the blame.

"I think it is a conscious choice by universities to recover costs from the students themselves," Harrison said. "They are looking more to gain revenues from tuition rather than make their own operations more efficient."

"This solidifies what we've been saying for a long time, that students have hit the debt wall."

BC changes student loans

BY CRAIG SAUNDERS

VICTORIA (CUP) — B.C.'s government is relaxing restrictions to loan remissions for single parents and making administrative changes to the provincial student loans system.

BC Premier Glen Clark and Education Minister Paul Ramsay announced the changes at Simon Fraser University in Burnaby.

The most significant change allows single parents another year to complete their program and still remain eligible for provincial loan remission.

Under the old system, single parents could take one year beyond the stated length of their program and still be eligible for loan remission. A single parent enrolled in a four-year university program will now be allowed six years to finish.

"We've heard student concerns — 'Will I be able to afford to go to school, will there be room for me?...Will the student debt be worth it?'" Clark said. "We understand these concerns and we've responded."

Robert Clift, president of the Confederation of Universities Faculty Associations-BC, while supportive of the changes announced, remains skeptical of how effective the other changes have been.

"They're good administrative [changes]," said Clift of a new government program that allows students to access their loan information through the Internet.

As for the changes for single parents, Clift pointed out that the appeals committee has already been making extra time allowances for single parents.

"They've made into policy what was effective policy already," he said.