

Increasing Loan Forgiveness for Doctors and Nurses in Rural and Remote Communities



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Increasing the maximum amount of forgivable Canada Student Loans by 50 per cent, from \$40,000 to \$60,000 for doctors and from \$20,000 to \$30,000 for nurses working in underserved rural or remote communities. This policy will be effective April 1, 2023.

5-Year Cost

\$ millions	2022-23	2023-24	2024-25	2025-26	2026-27	Total
Total cost	0	4	5	5	5	19

Notes

- Estimates are presented on an accruals basis as would appear in the budget and public accounts.
- Positive numbers subtract from the budgetary balance, negative numbers contribute to the budget balance.

Estimation and Projection Method

Canada Student Financial Assistance (CSFA) Program administrative data for fiscal year 2020-2021 was used to calculate average loans and loans forgiven for eligible doctors and nurses to determine the utilization of additional loans. A projected growth rate was applied to the amount of loans forgiven based on the current Actuarial Report on the CSFA Program.

The PBO Student Financial Assistance Model was used to estimate the net expense of the CSFA Program under current policy parameters and the impact of the increase to the maximum amount of forgivable loans for eligible doctors and nurses.

The impact to the non-refundable Student Loan Interest Tax Credit was estimated accordingly.

Sources of Uncertainty

The main sources of uncertainty relate to projected expenditures on student support, the size of the eligible population as well as the outcome of a review of the definition of rural communities under the program by the federal government. A behavioural response was not incorporated.

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Data Sources

Variable

CSFA Program expense and interest revenue
CSFA Program administrative data
Student Loan Interest Credit
Loans forgiven, direct loan portfolios, long-term rates
of loans forgiven for severe permanent disability and
death

Source

PBO Student Financial Assistance model
Employment and Social Development Canada
Finance Canada
Actuarial Report on the Canada Student Financial
Assistance Program (as at July 31, 2020)

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