

# Eliminating Interest on Federal Student and Apprentice Loans



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Eliminating interest accruing on all current and future Canada Student Loans and Canada Apprentice Loans in repayment starting April 1, 2023. This will not affect interest previously accrued.

## 5-Year Cost

\$ millions	2023-24	2024-25	2025-26	2026-27	2027-28	Total
Total cost	552	541	500	566	576	2,735

## Detailed 5-Year Cost

	2023-24	2024-25	2025-26	2026-27	2027-28	Total
Cost - Eliminating interest on federal student and apprentice loans	574	566	523	592	602	2,857
Cost recovery - Reduction in claims of the Student Loan Interest Tax Credit	-22	-25	-23	-26	-26	-122
Total cost after recovery	552	541	500	566	576	2,735

## Notes

- Estimates are presented on an accrual basis as would appear in the budget and public accounts.
- A positive number implies a deterioration in the budgetary balance (lower revenues or higher spending). A negative number implies an improvement in the budgetary balance (higher revenues or lower spending).

## Estimation and Projection Method

Using PBO's student financial assistance model, PBO estimated the net expenses of Canada Student Financial Assistance (CSFA) Program under current policy parameters and proposed policy parameters for current and future loans. The difference between the two policy scenarios constitutes the gross cost of the proposed policy change.

The reduction in claims of the non-refundable Student Loan Interest Tax Credit was estimated accordingly to arrive at the net cost.

## Sources of Uncertainty

The main sources of uncertainty relate to loan repayment and employment income projections for program participants. A behavioural response was not incorporated.

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## Data Sources

Variable	Source
CSFA Program expense and interest revenue	PBO student financial assistance model
Student Loan Interest Tax Credit	Finance Canada

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