



Projecting the Revenues and Expenses of Canada Student Loans Program



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The Parliamentary Budget Officer (PBO) supports Parliament by providing economic and financial analysis for the purposes of raising the quality of parliamentary debate and promoting greater budget transparency and accountability.

This report provides an overview of Canada Student Loans Program (CSLP), a description of the PBO model as well as an estimate of the revenues and expenses associated with the direct loans regime of CSLP.

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Executive Summary

This report provides a description of the PBO model and an estimate of the revenues and expenses associated with the direct loans regime of Canada Student Loans Program (CSLP). While some loans from the guaranteed and risk-shared regimes, in place until 1999-2000, are still outstanding, their impact on CSLP is gradually diminishing.¹

The assumptions and long-term outlooks used in the PBO model are consistent with those in the annual reports on CSLP from the Office of the Chief Actuary (OCA).

For transparency and replication, the model takes advantage of publicly available annual reports of the OCA. However, costing potential election platform proposals impacting CSLP will likely rely on Employment and Social Development Canada (ESDC) databases that are not as readily available.

The following summary table provides the projected net expense of CSLP for 2015-16 to 2024-25 fiscal years, using the PBO model. These expenses include administration costs, interest expenses while students are enrolled in postsecondary education (PSE), relief measures for those with low incomes, as well as loan forgiveness.

Summary Table 1 **Projected Net Expense of Canada Student Loans Program**

<i>\$ millions</i>	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Net Expenses	1,242	1,685	2,268	2,576	2,744	2,770	2,676	2,618	2,618	2,634

Sources: The Office of the Parliamentary Budget Officer, The Office of the Chief Actuary, Employment and Social Development Canada, Statistics Canada, Public Accounts of Canada

Notes: PBO economic and demographic projections are based on its October 2018 Economic and Fiscal Outlook. Figures for 2015-16 are reported in the recent CSLP Consolidated Financial Statements. Administration expenses for 2015-16 are reported in the annual report of the Office of the Chief Actuary for a loan year and converted to a fiscal year. Canada Student Grants payment figures up to 2017-18 are based Public Account figures. Projections are presented on an accrual basis as would appear in the budget and public accounts.

1. Introduction

As of September 21, 2017, the mandate of the PBO includes estimating the cost of election campaign proposals if requested. In preparation for this expanded mandate, the PBO is enhancing its capacities, including developing tools and models.

The Government of Canada recently made changes to CSLP, increasing the value of grants and loans disbursed to students (Budget 2016 and Budget 2017). It is likely that political parties will suggest amendments to CSLP.

This report provides a discussion and description of the PBO model for projecting the revenues and expenses of CSLP on a Public Accounts basis. CSLP is comprised of grants, loans and loan repayment assistance, promoting access to post-secondary education for students with demonstrated financial needs.

The details of the PBO model and an overview of the main results will be discussed in this report. Section 2 provides the scope of the model and section 3 provides a brief overview of CSLP. Section 4 outlines the mechanics of the model, while the fifth section discusses estimating the financial cost of election campaign proposals. Appendix A details of the PBO's projection of economic and demographic variables. Finally, Appendix B provides additional details and assumptions of the PBO model.

2. Scope

The PBO model focuses on Canada Student Grants (CSG) and Canada Student Loans (CSL) under the direct loans regime of CSLP. While some loans from the guaranteed and risk-shared regime, in place until 1999-2000, are still outstanding, their impact on CSLP is gradually diminishing until loans get repaid or written off.

The PBO model produces projections of CSLP revenues and expenses, consistent with current program policy and legislation. Revenues include loan interest from former student borrowers. Expenses include CSG payments to students, government loan subsidies to students, bad debt expenses, and loan administration expenses. In addition, alternative payments to non-participating provinces are projected.² These loan year-based estimates are then converted to a fiscal year basis for budgetary purposes.³

The PBO model also allows for the estimation of the financial cost of election campaign proposals that impact the eligibility and design of CSLP.

Underlying these projections is CSL lifecycle. Specifically, the model tracks annual CSL disbursements through three periods: the study period when the student is in school, the six-month non-repayment period after the end of studies, and the repayment period.

Data used in the PBO model is from the Office of the Parliamentary Budget Officer, the OCA, ESDC and Statistics Canada. The *Actuarial Report on the Canada Student Loans Program*, an OCA publication, serves as a tool to test the performance of the various components of the PBO model using the same set of economic and demographic assumptions.⁴

3. CSLP Overview

CSLP is available to Canadians and permanent residents enrolled in post-secondary education.⁵

Eligibility and loan amounts for CSLP are assessed individually based upon a student's needs and their available resources, as defined by CSLP. The federal government provides up to 60 per cent of a full-time student's assessed needs with provincial/territorial governments providing 40 per cent.

Students from low- and middle-income families (as defined by CSLP) can receive Canada Student Grants (non-repayable financial assistance). There are full-time and part-time grants, as well as assistance, for students with dependents. There are also grants for students with permanent disabilities. Full-time students without dependents can receive a maximum grant of \$375 per month (\$3,000 for an eight-month academic year).

If a grant is awarded, it is applied to the student's needs assessment. The remaining assessed need is then filled by CSL. There is a maximum loan limit of \$210 per week, or \$10,920 per year for a 52-week study period, for full-time students.

When a student completes or withdraws from their studies, the student benefits from a six-month non-repayment period; however, interest begins to accrue during this period. After this six-month period these loans are consolidated for repayment.

The Repayment Assistance Plan (RAP) and loan forgiveness are other financial supports offered through CSLP. RAP assists borrowers with limited income to repay their loans within a reasonable period. Loan forgiveness is provided upon a student's death or severe permanent disability, as well as to family doctors, residents in family medicine, nurse practitioners, and nurses who practice in under-served rural or remote communities.

The provinces and territories that do not participate in CSLP receive alternative payments from the federal government to administer their own post-secondary education student financial assistance program.⁶

4. Model

The PBO model projects CSLP revenues and expenses, reflecting current CSLP policies and parameters. The long-term outlooks used in the projection are consistent with the annual reports of the OCA. The model tracks the CSLP loan year, which runs from August to July of the following year.

A key driver of CSLP revenues and expenses is the lifecycle of a CSL. The lifecycle consists of three periods: the study period when the student is in school, the six-month non-repayment period after the end of studies, and the repayment period. Throughout each period, the federal government incurs expenses that are dependent on the amount of outstanding CSL, as well as revenues that are correlated with repayment patterns. This is incorporated into the PBO model.

4.1. Canada Student Loans Lifecycle

This section provides an overview of how the CSL lifecycle is considered in the PBO model.

Study Period

The beginning of the study period is marked with the disbursement of CSL. The average length of time a CSL is considered in the study period is a function of the historical distribution of loan consolidations starting with the year of loan disbursement. Since loans are disbursed annually, this distribution is applied to each CSL disbursement cohort. The total value of loans at the end of studies in a loan year is calculated by adding the amounts in that loan year from each CSL disbursement cohort. Total CSL amounts are reduced to account for CSL prepayments made by student borrowers during the study period, based on historical patterns.

Six-Month Non-Repayment Period

Once the study period is completed, the CSL enters a six-month non-repayment period. During this period, interest accrues but no payment is required from students. In our model, total CSL amounts are reduced to account for CSL prepayments made by student borrowers.

At the end of this period, the CSL principle and accrued interest are consolidated. The consolidated loan amount is the sum of the loan principle remaining at the end of the six-month non-repayment period, net of prepayments and the interest accrued during those six months.

Repayment Period

Once a loan is consolidated, it enters the repayment period. In our model, it is made up of the amount of loans at the beginning of the repayment period for each CSL repayment cohort.

At the beginning of each loan year in repayment, the PBO model adjusts the CSL principle that remains outstanding to reflect the amount of CSL that enter or exit RAP. Loan interest and loan principle payments are established based on the CSL principle, net of CSL in RAP, using interest rates and the number of months that remain in the repayment period at the beginning of a loan year. The remaining CSL principle is reduced by the estimated loan principle payments, accelerated principle payments, and loan defaults. The remaining principle at the end of a loan year becomes the CSL principle at the beginning of the subsequent loan year in a repayment period.

To take into account changes in interest rates, the remaining loan amount is re-amortized at the beginning of each loan year based on the number of months remaining in the repayment period.

Since loans enter repayment each loan year, this is repeated for each CSL repayment cohort.

4.2. CSLP Revenues and Expenses

This section outlines the methodology for projecting CSLP revenues and expenses related to CSG and CSL disbursements.

CSLP Revenues

CSLP revenues are the sum of student interest payments, the interest accrued during the six-month non-repayment period, and interest payments made by the federal government under RAP.

The amount of student interest payments, estimated during the repayment of CSL, is a function of the interest rates throughout the repayment period.

The interest accrued during the six-month non-repayment period constitutes revenue once the loan is consolidated. This is a function of the amount of CSL at the end of studies for each CSL repayment cohort and interest rates.

The interest payments paid by the federal government under RAP each loan year is the function of the total value of loans in RAP in a loan year and the interest rate.⁷ This is considered as a revenue because the federal government has assumed responsibility for making interest payments on behalf of the student as part of RAP.

Future CSLP revenues in each category are projected using the estimated growth rates of each revenue source, as generated by this model.

CSLP Expenses

The PBO model projects CSLP expenses under four categories: CSG payments, government loan subsidies to students, bad debt expenses, and loan administration expenses.

First, CSG payments are the total value of CSG disbursed to students each loan year.

Second, government loan subsidies to students includes the federal government's cost of borrowing, the portion of interest payments paid by the federal government under RAP, and the value of loans forgiven.

The federal government cost of borrowing is equal to the interest the federal government pays on the balance of outstanding loans in each of the three loan portfolios (in study, in repayment, and in default).⁸ The total of these three loan portfolios is multiplied by the projected yield of the 10-year Government of Canada benchmark bonds.

The interest payments paid by the federal government under RAP is equal to the amount accounted for as CSLP revenue.⁹ This is also considered as an expense because it is a cost to the federal government.

CSL forgiven is based on the projections by the OCA. Loans are forgiven upon a student's death or severe permanent disability, as well as for family physicians and nurses practicing in underserved rural or remote communities.¹⁰

The third category, bad debt expenses, represent the sum of the allowances for future RAP principle payments made by the federal government and loan defaults.

Allowances and annual expenses are calculated based on the outstanding loan amounts in study, in repayment, and in default and the corresponding provision rate assumptions.

The annual expense for RAP principle payments provision is estimated by subtracting the total allowance at the end of a loan year and the total allowance at the end of the previous loan year and subtracting any RAP expenses that occurred during the loan year.

Similarly, the annual expense for bad debt is estimated by subtracting the total allowance at the end of a loan year and the total allowance at the end of the previous loan year and subtracting any write-offs that occurred during the loan year.

Projections by the OCA are used for the annual expenses associated with interest that has accrued on defaulted loans that will never be collected.¹¹

The fourth category, loan administration expenses, includes fees paid to provinces and territories that participate in CSLP and general administrative expenses. General administration expenses include loan collection costs incurred by the Canada Revenue Agency, costs for third-party service providers to deliver CSLP, and general ESDC resources related to CSLP.¹²

Future CSLP expenses in each category are projected using the estimated growth rates of each expense source in the PBO projection model.

4.3. Alternative Payments

The calculation of alternative payments to Quebec, the Northwest Territories and Yukon is based on the net expenses (expenses less revenues) of CSLP for a given loan year and the ratio of the population aged 18 to 24 residing in the non-participating provinces and territories to that of participating provinces and territories.

Expenses included in this calculation are a subset of those mentioned for CLSP. They include CSG payments to students, government loan subsidies to students, bad debt expenses, and service provider costs. Revenues include student interest payments, the interest accrued during the six-month non-repayment period, and interest payments made by the federal government under the RAP.

4.4. Model Outputs

The PBO model produces a projection of program revenues and expenses in a loan year, adjusted for inflation. These projections are then converted to a fiscal year basis for budgetary purposes.¹³

The projected net fiscal year expense of CSLP is the difference between expenses and revenues, plus alternative payments.

Table 4-1 provides a breakdown of the projected expenses and revenues under program parameters in place for the 2018-19 loan year.

Table 4-1 Projected Revenues and Expenses of Canada Student Loans Program

<i>\$ millions</i>	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Revenues										
Interest Revenue (DL)	627	667	739	873	1,072	1,206	1,274	1,326	1,373	1,416
Total Revenues	627	667	739	873	1,072	1,206	1,274	1,326	1,373	1,416
Expenses										
Canada Student Grants Payments	714	975	1,323	1,511	1,543	1,526	1,456	1,421	1,420	1,426
Government Loan Subsidies (all regimes)	422	473	604	773	1,028	1,189	1,253	1,295	1,335	1,371
Risks/Bad Debt Expenses (DL)	325	401	454	484	518	533	535	537	544	553
Administration (all regimes)	150	155	163	165	166	170	173	178	182	188
Total Expenses	1,611	2,003	2,544	2,934	3,255	3,417	3,418	3,430	3,481	3,538
Alternative Payments	258	349	464	516	560	559	532	514	510	511
Net Expenses	1,242	1,685	2,268	2,576	2,744	2,770	2,676	2,618	2,618	2,634

Sources: The Office of the Parliamentary Budget Officer; The Office of the Chief Actuary, Employment and Social Development Canada, Statistics Canada, Public Accounts of Canada.

Notes: DL = Direct Loans, All Regimes = Direct Loans, Risk-Shared Loans and Guaranteed Loans. PBO economic and demographic projections are based on its October 2018 Economic and Fiscal Outlook. Figures for 2015-16 are reported in the recent CSLP Consolidated Financial Statements. Administration expenses for 2015-16 are reported in the annual report of the Office of the Chief Actuary for a loan year and converted to a fiscal year. Canada Student Grants payment figures up to 2017-18 are based Public Account figures. Projections are presented on an accrual basis as would appear in the budget and public accounts.

5. Estimating the Financial Cost of Election Campaign Proposals

As of September 21, 2017, the mandate of the PBO includes estimating the financial cost of any election campaign proposal, on request, of political parties and independent members.

An estimate of the financial cost of election campaign proposals impacting CSLP will likely rely on ESDC databases, as well as other data sources, as needed.¹⁴ Campaign proposals will be costed using the PBO model.

The annual financial cost associated with a campaign proposal will depend on its impact on CSG paid to students and any offsetting impact on CSL disbursed¹⁵. The full extent of any change in CSL will be distributed over the lifecycle of the loans and fully realised once a steady state is achieved.

Since CSLP operates over a loan year, its costs are converted to a fiscal year basis. The cost in the first fiscal year of a change to the program is equal to 2/3 of the cost of the first year of the loan year should a program change be implemented at the start of a loan year.¹⁶

The impact of expected behavioural changes will be included in the estimate if it is determined that a campaign proposal will lead to an increase in PSE participation, and therefore an equivalent increase in the number of students in CSLP.¹⁷

The financial cost of an election campaign proposal is the difference between estimates of CSLP net expenses with the proposed change and estimates CSLP net expenses without the proposed change.

Appendix A: Projection of Economic and Demographic Variables

Economic Projections

Projections of inflation, wage increases, the yield on 10-year Government of Canada benchmark bonds, and the prime rate come from the PBO fiscal and economic model.

To project a student's assessed needs, averages for student tuition, other expenses, and resources are consistent with recent data reported in the annual reports by the OCA. Short-term tuition fee growth assumptions are based on reviews of stated provincial and territorial government policies. Future growth in student expenses is based on projected inflation. Student resources are projected using expected growth in wages.

The cost of federal government borrowing is based on 10-year Government of Canada benchmark bonds.

Interest rates follow current CSLP policy. The amount of interest accrued during the six-month non-repayment period is calculated using the student variable interest rate. Students can select a fixed interest rate or floating (variable) interest rate. The PBO model uses a blended interest rate based on the proportion of student opting for a fixed or variable rate at consolidation for the repayment period.

Demographic Projections

The number of students in CSLP is a function of recent full-time post-secondary enrolment, the projected changes in population, and CSLP loan uptake rate.

Average historical enrolment rates for full-time students is calculated for each participating province and territory using Labour Force Survey data. These rates are applied to projected population figures provided by Statistics Canada to estimate full-time PSE enrolment. The estimated growth rate of PSE enrolment is applied to the baseline CSLP population. The projected uptake rate used is consistent with annual reports of the OCA. Symbolically:

$$CSLP_{pop_{t+1}} = FT_PSE_{enrol_t} * FT_PSE_{enrolGrowth_{t+1}} * Uptake\ Rate_{t+1}$$

where t = loan year

FT_PSE = full – time postsecondary education enrolment

Appendix B: Assumptions and Methodology

The PBO assumes that CSLP portfolio limit on the amount of outstanding direct loans, legislated in the *Canada Student Financial Assistance Regulations*, will increase over the outlook period to help keep pace with increasing demand.¹⁸

Grant and Loan Disbursements

The value of CSG issued each year is assumed to grow in line with the projected growth in the number of students in CSLP. Symbolically:

$$CSG_{d_t} = CSG_{d_{t-1}} * CSLP_{popGrowth_t}$$

where $t = \text{loan year}$

The value of CSL issued each year is assumed to grow in line with the projected growth in the number of students in CSLP. Before this calculation takes place, the current value of loans issued is adjusted to account for the projected growth of average net student needs and the percentage of students at the loan limit.¹⁹ The current value of loans issued is multiplied by the current percentage of students at the loan limit to determine the proportion of loans that will not be impacted by future growth of average net assessed needs. The remainder (loans not at the loan limit) is multiplied by the projected growth of net assessed needs. The sum of the adjusted loan values not at the loan limit and the portion of loan values at the loan limit is then grown by the projected growth of the number of students in CSLP. Symbolically:

$$CSL_{d_t} = (CSL_{limit_{t-1}} + CSL_{nolimit_{t-1}}) * CSLP_{popGrowth_t}$$

where $t = \text{loan year}$

$$CSL_{limit_{t-1}} = CSL_{d_{t-1}} * (\% \text{ students at loan limit}_t)$$

$$CSL_{nolimit_{t-1}} = (CSL_{d_{t-1}} - CSL_{limit_{t-1}}) * NetAssessedNeed_{Growth_t}$$

Canada Student Loans Lifecycle

1. All CSL issued are assumed to follow the same general lifecycle.

Study Period and Six-month Non-Repayment Period

CSL are assumed to consolidate based on a historical distribution of consolidation in the years after a loan is issued. This distribution is normalized over an eight-year period, as 95 per cent of loans are consolidated in an eight-year period.

In addition, for each CSL disbursement cohort, there can be prepayments made by students, either during the study period or during the six-month non-repayment period. These prepayments are applied to the outstanding loan principle before the loan enters repayment. Prepayment rates are consistent with recent OCA reports and are distributed according to the normalized distribution of disbursement to consolidation. The total value of loans at the end of studies is calculated by adding up the amounts in a loan year from each CSL disbursement cohort.

It is assumed that all loans make use of the six-month non-repayment period. This period is assumed to begin in May and end in October. A simple interest calculation is used to estimate the total interest accrued during the six-month non-repayment period. Symbolically:

$$I_t = P_t * \left(\frac{r_t}{12} * 6 \right)$$

where t = loan year

I = accrued interest

P

= the value of CSLs at end of studies minus prepayment during studies

r = the annual interest rate (as a decimal)

The loan value entering repayment is the total loan principle net of prepayments plus interest accrued during the six-month non-repayment period.

Repayment Period

The standard length of loan repayment for each CSL repayment cohort is assumed to be 114-months or 9.5 years. This is divided over ten loan years.²⁰ The repayment period is assumed to begin in November.

The estimates of loans entering and exiting RAP for each cohort is consistent with the entrance and continuation rates reported in the annual reports of the OCA.

Accelerated payments are in addition to the required monthly payments and equal to a percentage of regular principle payments that is consistent with the rate reported in the annual reports of the OCA.

Net loan default amounts represent the proportion of consolidated loans that will eventually be written off. For each CSL repayment cohort, the proportion of the total amount of net loan defaults is distributed over the entire repayment period and based on a historical default distribution in the years after a loan is consolidated.

The rates used for accelerated payments and net loan defaults, as well as the distribution of loan defaults, are consistent with those found in annual OCA reports.

Provision Rates and Allowances

As required under accrual accounting, allowances must be made to cover future loan defaults and future RAP principle payments made by the federal government.

Consistent with the provisions rate assumptions in the annual report of the OCA, the allowances are calculated based on the outstanding loan amounts in study, in repayment, and in default, and the corresponding provision rate assumptions. Loans in repayment include loans in RAP. However, in the calculation of the provision for the principle paid by the federal government under RAP, loans in RAP are considered separately.

Loans in study

The model estimates loans in study equal to the total amount of CSL that are in the study period from each CSL disbursement cohort.

Loans in Repayment

The PBO model estimates loans in repayment equal to the total amount of CSL in repayment and RAP from each CSL repayment cohort.

Loans in Default

The PBO model estimates loans in default by adding the total amount of CSL in default at the end of a loan year and the total amount of CSL that entered default during repayment that loan year minus any defaulted CSL that were collected or written off during the loan year.

The total amount of loans in study, in repayment, and in default in CSLP are used to estimate CSLP allowances for bad debt and RAP. Corresponding provision rates are multiplied to each of these portfolio amounts, and their results are added together to estimate the allowance for a loan year. These provision rates are consistent with the annual reports by the OCA.

Loan Administration Expenses

The most recent fees paid to provinces and territories to administer CSLP student needs assessment are calculated as a percentage of CSLP population. This percentage is applied to the projected CSLP population.

General administration expenses are assumed to grow in line with projected wage increases.

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Notes

1. Between 1964 and 1995, Canada Student Loans were provided by financial institutions (such as banks) under the guaranteed loans regime. If a student defaulted on a guaranteed loan, the Government paid out the bank and the student's debt was then owed directly to the Government. Between 1995 and 2000, Canada Student Loans were provided by financial institutions (such as banks) under the risk-shared loans regime. Under this regime, financial institutions assumed responsibility for a portion of the possible risk of defaulted loans in return for a payment from the Government (Employment and Social Development Canada (2018a)).
2. The provinces and territories that do not participate in CSLP receive alternative payments from the federal government to administer their own post-secondary education student financial assistance program.
3. CSLP runs on a loan year which is from August 1 to July 31 of the following year. To adjust from a loan year to a fiscal year, 1/3 of the previous loan year costs (April to July) is added to 2/3 of the current loan year cost (August to March).
4. The purpose of the *Actuarial Report on the Canada Student Loans Program*, is to forecast the revenues and expenses of CSLP over a 25-year period. The input data required, with respect to direct loans, were extracted from data files provided by ESDC. While the Actuarial Report on CSLP provides a precise assessment of the current and future costs of CSLP, it also provides information and analysis of CSLP for the Government, Parliament, and the public. Due to the length of the projection period and the number of assumptions, sensitivity tests are preformed using alternative assumptions (Office of the Superintendent of Financial Institutions Canada 2018).
5. For more detailed information on CSLP please refer to Employment and Social Development Canada (2018a) and Office of the Parliamentary Budget Officer (2016).
6. In 2018-19 loan year, Quebec, the Northwest Territories, and Yukon do not participate in CSLP.
7. Consistent with annual reports of the OCA, this is also accounted for as an expense.
8. As define by the OCA, a loan is identified in one of these three components according to its status for calculating allowances. In study represents loans for students currently enrolled in a post-secondary institution and for those who have terminated their studies within the last six months (six-month non-repayment period). In repayment represents loans for borrowers in the repayment period, including delinquent loans and loans approved or waiting for RAP. In default are loans for which no payments have been made for at least nine months but for which the government might be able to recover money.

9. Consistent with annual reports of the OCA, this is also accounted for as a revenue.
10. A future enhancement to the model is to project this expense.
11. A future enhancement to the model is to project this expense.
12. Collection costs are related to CSLP but are reported by the Department of Finance (Employment and Social Development Canada (2018a)).
13. To adjust from a loan year to a fiscal year, 1/3 of the previous loan year costs (April to July) is added to 2/3 of the current loan year cost (August to March).
14. No data is publicly available to assess a student's eligibility to the student financial assistance available through CSLP. This will require assistance from ESDC to estimate the impact of an election campaign proposal.
15. Students that have an assessed need greater than \$0, qualify for CSL and are automatically assessed for CSG. Any CSG disbursed to students decreases their assessed needs and lead to a decrease in loans disbursed to students.
16. A loan year is from August to July of the following year. To adjust from a loan year to a fiscal year, 1/3 of the previous loan year costs (April to July) is added to 2/3 of the current loan year cost (August to March).
17. An additional loan disbursement or total financial aid increase of between \$143 million and \$162 million would lead to a 1 per cent increase in PSE enrolment (Employment and Social Development Canada, 2016). The PBO model assumes that an increase in loans or total student financial aid increase of \$152.5 million would lead to a 1 per cent increase in PSE participation.
18. If not, once the CSLP portfolio reaches its legislated limit, existing policies could not be implemented, and loan disbursements would cease. The outcome is that many students would not receive the assistance they are eligible for under current policies, limiting loan disbursements and impacting revenues and expenses associated with CSL.
19. A student's assessed need is defined as 60 per cent of expenses less resources as defined by CSLP. Net assessed need is defined as a student's assessed needs less the amount of CSG received. Expenses include tuition, compulsory fees, and other expenses. Revenues include student, parental and spousal contributions. The number of students at the loan limit is expressed as percentage of CSLP population. The loan limit is the maximum amount of loans a full-time student can receive for each week of study.
20. A standard payment period of 114 months or 9.5 years is assumed. A repayment period is equal to a loan year or 12 months. The first period in repayment is equal to nine months since repayment is assumed to start in November and end in July. The final repayment period is equal to the lesser the number of months that remain in repayment or 12 months.