

POST-SECONDARY FINANCIAL AID AND THE PANDEMIC

In mid-March of 2020, students' lives were abruptly changed by the Coronavirus: classroom instruction moved online, in-person exams were cancelled, and many residences were closed. While getting through the next few months of school is the highest priority now, soon minds will turn to the next academic year. It is important that governments ensure those who want to invest in their education will still be able to do so.

Reports of nearly one million applicants for Employment Insurance (EI) between March 16 and March 22 foreshadow unprecedented levels of unemployment and a severe recession. This means two big challenges for students. First, many are taking a direct hit to their own incomes, with internships cancelled and the summer job market looking bleak. Second, our student financial aid system assumes that students can rely on summer earnings and support from parents to get them through the next school year. With both drying up, changes are required to provide the support students need to keep up their studies.

Students occupy a special role in Canada's labour market: they are the skilled workforce of the future. As we tackle the immediate health crisis, we must also prioritize student well-being and access to post-secondary education.

Students can benefit from some of the recently announced federal and provincial measures, such as the special GST credit. However, those who did not work in recent months, or who had low earnings, are unlikely to be eligible for the Canada Emergency Response Benefit (CERB), a monthly taxable benefit of \$2,000. The CERB is available to those who cease to work for 14 consecutive days because of COVID-19 and who had income from employment or self-employment of at least \$5,000 in 2019 or the last 12 months.

Clarifications as of April 1 suggest that the "cease to work" requirement rules out those who earned more than \$5,000 in the summer of 2019, but are unable to find similar work in 2020. This will have a significant effect on many students' finances for the summer and in the upcoming academic year.

A provincial bridging grant program, provided via the student financial aid system, could help students make it through a lean summer. Alternatively, provinces could deliver support through Income Assistance programs.

With many students falling through the income support cracks it is critical that governments ensure that the Canada Student Loan Program (CSLP) and related provincial programs account for the disruptions. The CSLP determines financial aid based on assessed need—total cost of post-secondary education, less student and parental contributions—up to a cap. [Michael Coelli](#) has found that when a parent is laid off the year of high school graduation, post-secondary attendance the following year declines, despite the availability of student loans.

Parental contributions are assessed using returns from the previous tax year. Given the expected upheavals, this approach is inadequate. Changing the parental income test to account for large drops in family income in the lead up to the next school year is a priority. Waiving the parental contribution or offering an additional grant or loan to anyone whose parent/s have been laid off or lost substantial hours (based on CERB eligibility) could be considered.

Student contributions currently assume that students will have \$3,000 to put towards their own education. This is not reasonable in the current labour market, particularly given that many students depend on summer work, which will be scarce. Waiving the expected student contribution for this year would be an appropriate response.

For these two moves to make a difference, however, total limits on loans and grants under the CSLP need to be lifted. Without this step, students with the most need who are above the current borrowing or grant cap will not see their total aid increase. Loan limits have not increased since 2005, despite considerable increases in tuition fees in many provinces over this period. There have been other changes that have helped students cover costs—in particular an increase in grants available to low-income and first-generation students—but the current crisis aside, it is time for governments to raise the borrowing limit, and perhaps even index it to inflation as Quebec has done.

Post-secondary students occupy a special role within the Canadian labour market. Although the degree to which they work while studying varies, they will go on to become the skilled workforce of the future. Their well-being should be a matter of urgent concern once the immediate challenges posed by the health crisis are tackled.