

Financial aid: student groups critical of loan repayment proposals

(CUP)

THE LATEST PROPOSALS FOR student aid reform are just a means for universities to increase tuition fees, say critics of the Income Contingent Loan Repayment Plan (ICLRP) and loan privatization.

"It is not a financial-aid structure but a funding structure for universities and colleges. It's a means to an end -- the end being increasing of tuition or privatizing universities," says Guy Caron, Canadian Federation of Students chairperson.

Caron says the federal government now favours income-contingency because it wants to replace money transfers to the universities -- which keep tuition costs down -- with loans to the students themselves.

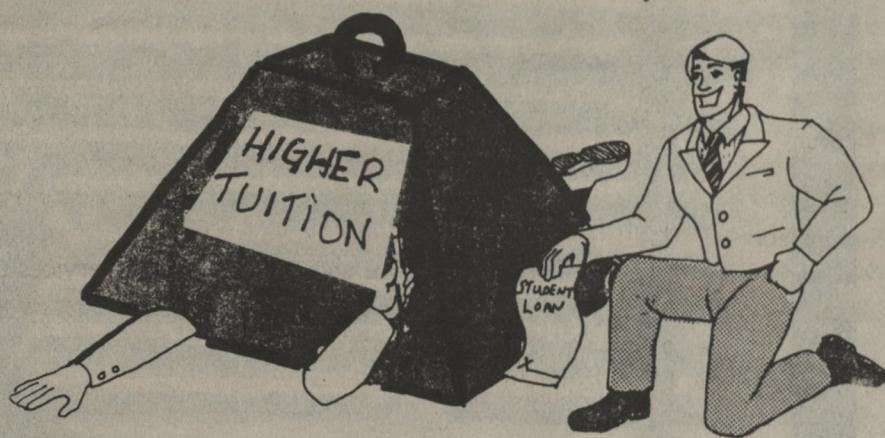
Caron says the federal government hopes to get out of the business of funding post-secondary education altogether.

We link income-contingency to an increase between 40 to 200 percent in tuition fees," Caron says. "If you are borrowing, you could have a debt of \$40,000-60,000 [when you graduate.]

"Supporters of the new repayment plan say it is designed to help students afford the full cost of a post-secondary education, which has been getting increasingly more expensive and is making post-secondary education inaccessible for many.

The plan allows for students to

receive the complete amount required for any program of study. Repayment is based on a sliding scale that may favour low-income families.



Under the proposal, students who earn \$22,000 or less after graduation may not have to pay all of their loan back, while students who earn above this threshold will be required to pay the full amount.

The ICLRP is to replace current student aid programs, which require that graduates pay back their loans at the same rate -- regardless of income -- beginning six months after graduation. People in two very different income brackets now have the same payments to make.

The push towards replacing the current system with the new plan is coming from groups like the Ontario Undergraduate Student Alliance (OUSA), a provincial lobby group.

OUSA says it would be fairer to

students because funding would be given to anyone who applies. The government will not perform a 'needs' test on students who claim they do not have the money for

students in the long run because they will be charged interest on the principal borrowed from day one. Current loans begin to accumulate interest only after graduation.

"The income contingent loan inherently discriminates against low-income earners [many women and racial minorities] in that it will take a longer time to pay off their debt and consequently they will end up paying more for their education," said Frank Cappadocia, a former student association leader at York University.

Cappadocia is also critical of the trend toward loan privatization. "If [the Ontario student aid program] is replaced by the ICLRP, accessibility to education will be undermined. The constitution of the income contingent approach discriminates on the basis of program of study. Banks will start putting dollar signs on programs," Cappadocia said.

For example, a fine arts student who requires financial assistance may be discriminated against because her or his initial earning potential may not be as high as a graduate from a more traditional or vocational program."

I am critical of the people who will have unlimited information and resources at their fingertips. I fear that if we allow privatization of student loans, there will be CEOs with unlimited personal information and statistical analyses to use badly."

university.

OUSA spokesperson Rick Martin says students are being utopian if they think the government can continue to keep tuition down by subsidizing education.

"More money is needed for universities. The CFS approach is based on an idealized notion of what they want the universities to be like," Martin says.

OUSA's position is that tuition fees do not account for the bulk of the cost of attending university. Instead, OUSA says it is living expenses that are high and prevent low-income students from attending university.

But opponents to the plan point out that if tuition fees are low, students can pay for education by working during the summer. They say it will hurt low-income

Federal announcement of more money a myth

By Bruce Rolston

(CUP)

FEDERAL STUDENT AID OFFICIALS say they are not responsible for cuts to provincial student aid programs across the country.

But student aid administrators in Ontario, British Columbia, and the Prairie provinces say the cuts are the direct result of changes to the federal loan system, announced last spring, that were meant to improve the system.

Student aid programs in all prov-

inces use a combination of federal and provincial loans, and in some cases, provincial cash grants.

When the federal government announced last May that the maximum allowance per week would rise from \$105 to \$165, student leaders greeted the change as an improvement.

But many provinces have now responded to the increase by cutting back their own provincial loan and grant programs. In Ontario, for instance, the maximum loan allowance for students

has been cut back \$60 per week, completely offsetting the federal loan increase.

Students now say they blame the federal government for a promised increase that has no real effect on students.

"It doesn't do anything," says Jason Hunt, chair of the Canadian Federation of Students-Ontario. "There's not going to be any extra cash in students' pockets this year."

But federal officials say they cannot be held responsible for student aid cutbacks at the provincial level. Spokes-

person Gerry Godsoe says the federal government has carried through on its promise to students.

"We can't dictate to the provinces what they should provide." That's not true, say provincial student aid officials. They say the federal government is actually only increasing its aid levels for high-need students -- students borrowing over \$7,000 a term -- and cutting back on student loans to everyone else.

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