

Comité consultatif sur l'accessibilité financière aux études

**A Measure Respecting Reservists in the Canadian Forces:
An Amendment to the *Regulation Respecting Financial Assistance
for Education Expenses***

50-1114 A

Brief to the Minister of Education, Recreation and Sport

October 2008

Québec 

Research and Text: Paul Vigneau

Collaboration: Diane Bonneville

Technical Support: Michèle Brown, Administration
Daves Couture, Documentation
Johanne Méthot, Editing

Translation: Marisa Panetta-Jones

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Introduction

On September 16, 2008, in adherence to section 23.7 of the *Act respecting the Conseil supérieur de l'éducation*, the Minister of Education, Recreation and Sport, Michelle Courchesne, requested a brief from the Advisory Committee on the Financial Accessibility of Education on the draft regulation amending the *Regulation respecting financial assistance for education expenses*. “The objective of the draft regulation is to extend the exemption period for repayment of the principal on student loans for reservists who interrupt their studies in order to serve on missions abroad.”¹

The present Brief comprises three short chapters on the draft regulation: first an overview, then an analysis, and lastly the opinion of the Advisory Committee.

1. Letter from the Minister of Education, Recreation and Sport [translation]; see Appendix 1.

Chapter 1

Overview of the Draft Regulation

The request for the present Brief concerns a minor amendment to the *Regulation respecting financial assistance for education expenses*, intended to extend the exemption period for paying interest accrued on student loan debt for students who must interrupt their studies to serve in the Canadian Forces; students who are reservists called on to serve abroad. This amendment would exempt reservists from having to renegotiate a repayment agreement when they are deployed on military missions outside Canada. The interest on their student loan debt would be waived, and the reservists could defer repayment of their loans.

The Canadian Forces come under the authority of the Government of Canada. In April of 2008, the Federal Government adopted bill C-40,² wherein reservists who are still full-time students when called to serve abroad may benefit from an exemption period for paying interest on their federal student loans and defer repayment of these loans.

The Government of Québec has elected to also adopt amendments to its *Regulation respecting financial assistance for education expenses* to allow for a similar extension of the exemption period in the Québec program.

It is important to note that section 60 in the Regulation already provides for five specific conditions whereby extension of the full exemption period (exemption from paying interest on the loan and deferring repayment of it) may be possible:

60. If a student interrupts his or her full-time studies owing to any of the following events, the full exemption period is extended, as of the month following the month in which the event occurs, for the following duration:

- (1) 4 months for a student who reaches the 20th week of her pregnancy;
- (2) 8 months for a student who gives birth to a child;
- (3) 8 months for a student who adopts a child or whose spouse gives birth to a child;
- (4) 8 months for a student who cannot pursue studies owing to a disability attested to in a medical certificate and that lasts for more than one month;
- (5) the duration, up to 24 months, of the functions of a student elected to exercise functions within an organization of student associations.

2. *An Act to amend the Canada Labour Code, the Canada Student Financial Assistance Act, the Canada Student Loans Act and the Public Service Employment Act*. This bill received Royal Assent on April 17, 2008.

In addition, the student's full exemption period is extended until the end of the year of allocation if the exemption period ends after the month of April.

In each case, the extension is for a fixed period of between 4 and 24 months.

The draft regulation that is the subject of the present Brief would introduce a sixth condition with a duration of 24 months:

“(6) the duration, up to 24 months, of the posting of a student who is a member of the reserve force serving on an operation.”

Each year, according to Aide financière aux études (AFE), an estimated 80 students in the Loans and Bursaries Program may be called upon to serve abroad. The proposed measure could thus represent an annual amount of less than \$100,000 in accrued interest, which should be reimbursed by the Federal Government under Québec's right to opt out of the Program. To date, no such request has been received in Canada.

Chapter 2

Analysis of the Proposed Amendment

The proposed amendment is a measure of harmonization with the Canada Student Loans Program, which would allow members of Canada's Reserve Force³ to interrupt their studies in order to serve in military operations without having to start repaying their student loan debt. In addition, reservists would not have to pay the interest on their loans, as the government would assume it.

With the legislative changes undertaken in April 2008, the Minister responsible for the implementation of the *Canada Student Loans Act* has adopted the necessary authority in order to carry out this measure. "The Minister may enter into an agreement with a lender respecting the payment of interest—or a province respecting the payment of interest on provincial student loans."⁴ Moreover, "If there is no agreement, the Minister may pay the interest on behalf of those borrowers."⁵ Lastly, the amendments introduced in April 2008 extend this regulatory authority:⁶

The Governor in Council may make regulations:

[...]

(s.1) respecting the circumstances in which no interest is payable by members of the reserve force in respect of their guaranteed student loans;

(s.2) respecting the circumstances in which no amount on account of principal or interest is required to be paid by members of the reserve force in respect of their guaranteed student loans;

(s.3) respecting the payment of interest [...].

The Government of Québec has thus decided to adopt regulatory amendments so that the federal measure may be applied to its Loans and Bursaries Program, given that Québec acquired stewardship of student financial assistance programs with full compensation during the 1960s. The cost of this measure will be borne by the Federal Government.

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3. Reservists are part of Canada's Reserve Force, which consists of four sub-components:
 - 1) The Primary Reserve, which includes the following reserves: Naval, Army, Air, Communications, Health Services, Legal, and the National Defence Headquarters Primary Reserve List;
 - 2) The Cadet Instructors Cadre;
 - 3) The Canadian Rangers;
 - 4) The Supplementary Reserve (former members of the Regular Force and Reserve Force).
According to the Canadian Forces website: "Since the year 2000, more than 4,600 primary reservists have been deployed for Canadian Forces operations in Afghanistan, Bosnia, Croatia, Haiti, and other international hot spots." [consulted on January 9, 2008] Moreover, Aide financière aux études estimates that 40% of reservists deployed in missions abroad are students, with the period of service averaging between 12–24 months. It follows then, that a number of Québec residents are among reservists who have served on missions abroad; and that among them, some must have indeed interrupted their studies to do so.
 4. Paragraph 1 of new section 5.1 introduced in the *Canada Student Loans Act*.
 5. Section 5.1, paragraph 2.
 6. An addition to section 17 of the *Canada Student Loans Act*.

The introduction of a sixth condition⁷ to section 60 of the *Regulation respecting financial assistance for education expenses* makes it possible to extend the full exemption period, during which the Minister shall bear the interest on student loan debt for reservists who have not begun to repay their loan. It must be noted that the full extension period is not the same as a partial extension period: in the first case, the Minister pays the interest, in the second case, the former student bears the cost.⁸

One of the distinguishing characteristics in the implementation of this measure is that it is a Canada-wide initiative intended for individuals who come under the authority of a federal entity, that is, reservists in the Canadian Forces. The Department of National Defence must notify concerned reservists by requesting that they fill out an application in order to defer repayment of the principal on their loans. This form is accessible online on the website of the National Student Loans Service Centre (NSLSC), an organization mandated by the Government of Canada with the administration of student loans.⁹ Consequently, there is only one form for all Canadian reservists. All applications and required supporting documentation are processed by the NSLSC, which then transfers any information regarding reservists who hold a loan in Québec to the AFE.

It should be noted that individuals who have already entered into a repayment agreement—that is those who are no longer students when they are called to serve abroad—are not admissible under this measure. Lastly, as this measure is an initiative from the Government of Canada, the Québec Government is only facilitating its implementation.

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7. “(6) the duration, up to 24 months, of the posting of a student who is a member of the reserve force serving on an operation.”
 8. The full exemption period is defined in section 23 of the *Act respecting financial assistance for education expenses*: “[...] the period beginning on the date on which a borrower obtains a first loan or resumes being a full-time student, and ending at the end of the month in which the borrower ceases to be a full-time student or, if the borrower is in a situation provided for by regulation, at the time mentioned therein.” This period differs from the partial exemption period which “means the period of six months following the end of the full exemption period.” (s.23). It should be noted that “the borrower must pay the interest on the balance of the loan at the rate fixed by regulation. At the end of this period, any interest not paid by the borrower shall be capitalized.” (s.24).
 9. The Centre administers Canadian Student Loans, Canada Student Loans for Part-time Students, as well as Integrated Student Loans. The latter products were created following an agreement between the Federal Government and several provinces (Ontario, Saskatchewan, Newfoundland and Labrador, and New Brunswick). Online forms are available on the Centre’s website at <https://nslsc.canlearn.ca/eng/default.aspx>.

Chapter 3

Opinion of the Advisory Committee

In summary, the objective of the draft regulation is to prevent reservists in the Canadian Forces from being penalized when deployed in military operations while full-time students. Reservists could therefore benefit from an extension of the full exemption period whereby interest on their student loan would be waived for a period of up to 24 months, provided they have already not begun to repay the loan.

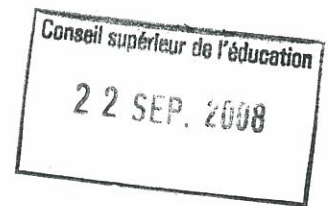
The Advisory Committee supports the addition to section 60 of the *Regulation respecting financial assistance for education expenses* of the following condition, which extends the full exemption period for such students, as of the month following the month in which the event occurs:

“(6) the duration, up to 24 months, of the posting of a student who is a member of the reserve force serving on an operation.”

Appendix 1

Letter from the Minister of Education, Recreation and Sport [In French]

Québec, le 16 septembre 2008



Madame Nicole Boutin
Présidente
Conseil supérieur de l'éducation
1175, avenue Lavigerie, bureau 180
Sainte-Foy (Québec) G1V 5B2

Madame la Présidente,

Conformément à l'article 23.7 de la Loi sur le Conseil supérieur de l'éducation, je soumetts pour avis au Comité consultatif sur l'accessibilité financière aux études un projet de règlement modifiant le Règlement sur l'aide financière aux études. Ce projet a pour effet de prolonger la période d'exemption de remboursement du capital d'un prêt étudiant pour les réservistes qui interrompent leurs études pour participer à une mission à l'étranger.

Ainsi, les réservistes qui bénéficient de l'aide financière aux études n'auront aucune démarche à effectuer en vue de rembourser leur prêt étudiant pendant leur service à l'étranger. On estime que le nombre de personnes admissibles à cette mesure au cours de l'année d'attribution 2008-2009 serait de quelque 80 étudiantes et étudiants. Le ministère de la Défense nationale avisera les réservistes aux études qu'ils peuvent remplir le formulaire prévu à cet effet.

Rappelons que le Règlement prévoit déjà certaines situations particulières qui permettent de prolonger la période d'exemption totale, c.-à-d. d'être exempté du paiement des intérêts et de reporter le remboursement de la dette d'études. Citons, à titre d'exemple, les permanents élus d'une association étudiante nationale et les étudiantes qui donnent naissance à un enfant. Je saurais gré au Comité de me faire parvenir son avis dans les 45 jours.

Je vous prie d'agréer, Madame la Présidente, l'expression de mes sentiments les meilleurs.



MICHELLE COURCHESNE

p. j. (3)

c. c. M^{me} Judith Stymest, présidente, Comité consultatif sur l'accessibilité financière aux études

Draft Regulation Amending the Regulation Respecting Financial Assistance for Education Expenses

Draft Regulation

An Act respecting financial assistance for education expenses (R.S.Q., c. A-13.3)

Financial assistance for education expenses

Notice is hereby given, in accordance with sections 10 and 11 of the Regulations Act (R.S.Q., c. R-18.1), that the Regulation to amend the Regulation respecting financial assistance for education expenses, appearing below, may be made by the Government on the expiry of 45 days following this publication.

The draft Regulation is to extend the full exemption period of a student who is a member of the reserve force serving on an operation, that is, the period during which the Minister of Education, Recreation and Sports must pay the interest owing on loans granted by financial institutions pursuant to the Act.

Further information may be obtained by contacting Daniel Simpson, Director, Direction de la planification des programmes et des systèmes administratifs, Aide financière aux études, Ministère de l'Éducation, du Loisir et du Sport, 1035, rue De La Chevrotière, 20^e étage, Québec (Québec) G1R 5A5; telephone: 418 643-6276.

Any person wishing to comment on the draft Regulation is requested to submit written comments within the 45-day period to the Minister of Education, Recreation and Sports, 1035, rue De La Chevrotière, 16^e étage, Québec (Québec) G1R 5A5.

Minister of Education, Recreation and Sports

REGULATION RESPECTING FINANCIAL ASSISTANCE FOR EDUCATION EXPENSES*

An Act respecting financial assistance for education expenses
(R.S.Q., c. A-13.3, s. 57)

1. Section 60 of the Regulation respecting financial assistance for education expenses is amended by adding the following paragraph after subparagraph 5 of the first paragraph:

“(6)the duration, up to 24 months, of the posting of a student who is a member of the reserve force serving on an operation.”.

2. This Regulation comes into force on the fifteenth day following the date of its publication in the Gazette officielle du Québec.

* The Regulation respecting financial assistance for education expenses, made by Order in Council 344-2004 dated 7 April 2004 (2004, G.O. 2, 1211), was last amended by the regulation made by Order in Council 698-2007 dated 22 August 2007 (2007, G.O. 2, 2395 A). For previous amendments, refer to the *Tableau des modifications et Index sommaire*, Québec Official Publisher, 2008, updated to 1 March 2008.

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Modifications aux Règles budgétaires des ordres d'enseignement collégial et universitaire (année 2000-2001).
(December 2000) **50-2002**

Projet de modification du Règlement sur l'aide financière aux études pour l'année d'attribution 2000-2001.
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Conseil supérieur de l'éducation
1175, avenue Lavigerie, bureau 180
Québec (Québec) G1V 5B2
Tél. : 418 643-3850

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