

## Laberge, Shelly A AVED:EX

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**From:** Laberge, Shelly A AVED:EX  
**Sent:** Monday, December 14, 2015 9:07 AM  
**To:** Poirier, Dorice AVED:EX  
**Cc:** Wyllie, Sandra AVED:EX; Clemente, Christina AVED:EX; Cotie, Kate L AVED:EX; Brown, Susan B AVED:EX  
**Subject:** RE: 101212 T/C Minister Meeting w/ The Alliance of BC Students tomorrow  
**Importance:** High

Kate is waiting on one more piece of material then it will go to Susan for approval asap.

Thank you.

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Shelly Laberge, Office Coordinator  
Strategic Policy and Planning Branch  
Governance, Legislation and Strategic Policy Division  
Ministry of Advanced Education  
Phone: (250) 387-6166

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**From:** Poirier, Dorice AVED:EX  
**Sent:** Monday, December 14, 2015 9:06 AM  
**To:** Laberge, Shelly A AVED:EX  
**Cc:** Wyllie, Sandra AVED:EX; Clemente, Christina AVED:EX  
**Subject:** 101212 T/C Minister Meeting w/ The Alliance of BC Students tomorrow  
**Importance:** High

Hi

I am following up on this note mentioned below will we be receiving this today Shelly?

**CLIFF #101212**

**Topic:**  
Campus housing and student loan interest rates

**Attendees:**  
Alex McGowan, VP External, Kwantlen Student Association  
Patrick Meehan, Staff, Kwantlen Student Association  
Bingyu (Grace) Liu, VP External, UBC Graduate Student Society  
Taylor Wilson, VP External, Capilano Student Union  
Christopher Girodat, Staff, Capilano Student Union

*Susan Brown's branch has been assigned to provide an information note on campus housing, and to provide an updated version of the student loan interest rate fact sheet.*

**Dorice Poirier** | Executive Administrative Assistant to Assistant Deputy Minister, Claire Avison –  
Governance, Legislation and Strategic Policy Division | Ministry of Advanced Education | (250 356-0826)  
[dorice.poirier@gov.bc.ca](mailto:dorice.poirier@gov.bc.ca)

## Laberge, Shelly A AVED:EX

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**From:** Singh, Nancy K AVED:EX  
**Sent:** Friday, December 11, 2015 3:46 PM  
**To:** Sedun, Jeanne AVED:EX; Cotie, Kate L AVED:EX  
**Cc:** Hancyk, Phil AVED:EX; Nickerson, Catherine M AVED:EX  
**Subject:** RE: rush request for end of day today - minister meeting with alliance of BC students

Works for me. Thanks everyone.  
Nancy

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**From:** Sedun, Jeanne AVED:EX  
**Sent:** Friday, December 11, 2015 3:45 PM  
**To:** Cotie, Kate L AVED:EX  
**Cc:** Hancyk, Phil AVED:EX; Singh, Nancy K AVED:EX; Nickerson, Catherine M AVED:EX  
**Subject:** RE: rush request for end of day today - minister meeting with alliance of BC students

Hi Kate. Below are some modified bullets developed by Nancy. We are already exploring alternate funding / development options through government business enterprises (GBEs). However, it's new territory so no concrete answers yet.

- Currently, public post-secondary institutions are part of the Government Reporting Entity. An institution's borrowing for capital projects impacts the Province's overall debt.
- Government is committed to sound fiscal management, so the debt-to-GDP ratio is a key indicator of government's progress in this area.
- However, government understands the need for campuses to develop and accommodate growing demands for housing, food services and other amenities.
- The Province, in cooperation with public post-secondary institutions, is looking to develop new models for campus capital and business expansion so that debt incurred is considered "self-supporting" debt.

Work for you? Thanks Nancy!

**Jeanne M. Sedun** BA, BEd, MDiv  
Executive Director | Sector Business Innovation  
Ministry of Advanced Education  
Tel: 250-952-7412 | [s.17](#)



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**From:** Cotie, Kate L AVED:EX  
**Sent:** Friday, December 11, 2015 2:43 PM  
**To:** Sedun, Jeanne AVED:EX  
**Cc:** Hancyk, Phil AVED:EX  
**Subject:** FW: rush request for end of day today - minister meeting with alliance of BC students  
**Importance:** High

Hi Jeanne. I spoke with Phil on this. He suggested you might have some suggestions on what we should say here? the ABCS will be pushing for enabling institutions to take on debt for student housing as a self funding initiative/low risk/"easy investment". They'll be pushing the minister to take a position on it. What I want to do is clearly lay out what the implications of whatever position he may take. I don't think this quite does it yet. Are you or one of your team able to help?

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**From:** Cotie, Kate L AVED:EX  
**Sent:** Friday, December 11, 2015 2:23 PM  
**To:** Nickerson, Catherine M AVED:EX; Hancyk, Phil AVED:EX  
**Subject:** rush request for end of day today - minister meeting with alliance of BC students  
**Importance:** High

Not sure which of you is best positioned to confirm this so sending to both – really need a response for end of day. Minister is meeting with alliance of BC students and one of the things they want to talk about is campus housing. Their position is that government should enable public post-secondary institutions to take on debt to build student housing. They argue that a change in these policies will not result in additional debt to Government as any debt incurred by the institution will be fully serviced through the collection of residence fees.

I've provided the following background on this issue (taken from select standing committee note from last year)

Can you please let me know asap if you have any concerns with this wording?

- When institutions entered the Government Reporting Entity, borrowing for capital projects by institutions began impacting the province's overall debt.
- Institutions must receive approval from the Minister of Finance before incurring any new debt.
- Government is committed to balancing the budget, controlling spending and taxpayer-supported debt. The debt-to-GDP ratio is a key indicator of government's progress in this area.
- Any new borrowing by public post-secondary institutions negatively impacts the debt-to-GDP ratio. Approvals for new borrowing by institutions has therefore been limited

Kate Cotie, Director Strategic Policy and Initiatives  
Strategic Policy and Planning Branch  
BC Ministry of Advanced Education  
Phone: (250) 387-6197  
Email: [Kate.Cotie@gov.bc.ca](mailto:Kate.Cotie@gov.bc.ca)

## Laberge, Shelly A AVED:EX

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**From:** Poirier, Dorice AVED:EX  
**Sent:** Monday, December 14, 2015 9:25 AM  
**To:** Cotie, Kate L AVED:EX  
**Subject:** FYI: ABCS meeting request - List of attendees

See highlighted list

**Dorice Poirier** | Executive Administrative Assistant to Assistant Deputy Minister, Claire Avison – Governance, Legislation and Strategic Policy Division | Ministry of Advanced Education | (250 356-0826) [dorice.poirier@gov.bc.ca](mailto:dorice.poirier@gov.bc.ca)

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**From:** Clemente, Christina AVED:EX  
**Sent:** Monday, December 14, 2015 9:01 AM  
**To:** Poirier, Dorice AVED:EX  
**Subject:** ABCS meeting request - List of attendees

Cindy from the MO forwarded me the list of attendees for Alliance of BC Students meeting (tomorrow at 3:15 pm).



**Christina Clemente**, Document Coordinator  
Office of the Deputy Minister  
Ministry of Advanced Education  
☎ 250 356-5170 | 📠 250-356-5468

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**From:** Flesh, Cindy AVED:EX  
**Sent:** Monday, December 14, 2015 8:42 AM  
**To:** Clifford, Kate AVED:EX; Clemente, Christina AVED:EX  
**Subject:** FW: FW: FW: ABCS meeting request

fyi

Cindy Flesh  
Administrative Coordinator to the  
Honourable Andrew Wilkinson  
Minister of Advanced Education  
250-356-0179

**From:** Patrick Meehan [<mailto:policy@kusa.ca>]  
**Sent:** Friday, December 11, 2015 4:47 PM  
**To:** Flesh, Cindy AVED:EX  
**Subject:** Re: FW: FW: ABCS meeting request

Hello,

Sorry to get this to you so late in the day,



The names for those attending are:

Alex McGowan, VP External, Kwantlen Student Association  
Patrick Meehan, Staff, Kwantlen Student Association  
Bingyu (Grace) Liu, VP External, UBC Graduate Student Society  
Taylor Wilson, VP External, Capilano Student Union  
Christopher Girodat, Staff, Capilano Student Union

Thanks again, and feel free to call if you have any questions

s.17

Best regards,  
**Patrick Meehan**  
Policy & Political Affairs Coordinator  
**Kwantlen Student Association**  
| t 604.599.2869 | e [policy@kusa.ca](mailto:policy@kusa.ca)  
[www.kusa.ca](http://www.kusa.ca) | Live. Learn. Play.



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On Thu, Dec 10, 2015 at 1:24 PM, Flesh, Cindy AVED:EX <[Cindy.Flesh@gov.bc.ca](mailto:Cindy.Flesh@gov.bc.ca)> wrote:

Tomorrow for the names will be just fine – meeting now confirmed.

Cindy Flesh

Administrative Coordinator to the

Honourable Andrew Wilkinson

Minister of Advanced Education

[250-356-0179](tel:250-356-0179)

From: Patrick Meehan [mailto:[policy@kusa.ca](mailto:policy@kusa.ca)]  
Sent: Thursday, December 10, 2015 1:24 PM  
To: Flesh, Cindy AVED:EX  
Subject: Re: FW: FW: ABCS meeting request

Hello,

That absolutely works for us, and I'll let you know the names just as soon as I'm able to confirm them. I'm hoping sometime tomorrow if that's alright, because of the December season, some of our folks have headed home for Christmas already or are getting ready to so for some, it's a bit up in the air.

Thanks again,

Best regards,

**Patrick Meehan**

Policy & Political Affairs Coordinator

**Kwantlen Student Association**

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| t [604.599.2869](tel:604.599.2869) | e [policy@kusa.ca](mailto:policy@kusa.ca)

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On Thu, Dec 10, 2015 at 1:22 PM, Flesh, Cindy AVED:EX <[Cindy.Flesh@gov.bc.ca](mailto:Cindy.Flesh@gov.bc.ca)> wrote:

Hello – me again – could we please look at Tuesday Dec 15<sup>th</sup> at 3:15 at the Minister's constit office 5640 Dunbar Street Vancouver – thanks.

Cindy Flesh

Administrative Coordinator to the

Honourable Andrew Wilkinson

Minister of Advanced Education

[250-356-0179](#)

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**From:** Flesh, Cindy AVED:EX  
**Sent:** Thursday, December 10, 2015 11:45 AM  
**To:** 'Patrick Meehan'  
**Subject:** RE: FW: ABCS meeting request

Hello – I will get back to asap with a time and location – could you please send me a list of attendees – thanks and please let me know if I can be of further assistance.

Cindy Flesh

Administrative Coordinator to the

Honourable Andrew Wilkinson

Minister of Advanced Education

[250-356-0179](#)

**From:** Patrick Meehan [<mailto:policy@kusa.ca>]  
**Sent:** Thursday, December 10, 2015 11:43 AM  
**To:** Flesh, Cindy AVED:EX  
**Subject:** Re: FW: ABCS meeting request

Hello, December 17th would work great for us, and somewhere in Vancouver would be perfect. Is there a time that would work best for the minister?

Best regards,

**Patrick Meehan**

Policy & Political Affairs Coordinator

**Kwantlen Student Association**

s.17

| t [604.599.2869](tel:604.599.2869) | e [policy@kusa.ca](mailto:policy@kusa.ca)





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On Thu, Dec 10, 2015 at 11:22 AM, Flesh, Cindy AVED:EX <[Cindy.Flesh@gov.bc.ca](mailto:Cindy.Flesh@gov.bc.ca)> wrote:

Hello – Minister Wilkinson would be happy to meet with you – would Thursday Dec 17<sup>th</sup> at a DTVan location (tbd) work for you – thanks and please let me know if you have any questions.

Cindy Flesh

Administrative Coordinator to the

Honourable Andrew Wilkinson

Minister of Advanced Education

[250-356-0179](tel:250-356-0179)

**From:** Patrick Meehan [<mailto:policy@kusa.ca>]

**Sent:** Wednesday, December 9, 2015 9:28 AM

**To:** Minister, AVED AVED:EX

**Subject:** ABCS meeting request

Hello,

The Alliance of BC Students has asked me to arrange a meeting with the minister for sometime during the December break with the Minister.

The ABCS's Director of Campaigns would be in the meeting, Alex McGowan, who is also the Kwantlen Student Associations VP External, as well as myself and possibly 1-2 other representatives from the ABCS.

We have a fairly open schedule over the next 2 weeks prior to Christmas, and would be willing to meet with the minister in either Victoria or Vancouver, whichever is easier for his schedule.

The topics we're interested in discussing are on campus housing, student loan interest rates and to get a sense for how we can work with the minister in the new year.

Please feel free to email or call me to coordinate a meeting time.

Best regards,

**Patrick Meehan**

Policy & Political Affairs Coordinator

**Kwantlen Student Association**

s.17

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## Laberge, Shelly A AVED:EX

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**From:** Butler, Teresa AVED:EX  
**Sent:** Monday, December 14, 2015 12:47 PM  
**To:** Cotie, Kate L AVED:EX  
**Cc:** Martiniuk, Daryn AVED:EX; Karim, Susan AVED:EX; Stratholt, Miles L AVED:EX; Bridges, Alison AVED:EX  
**Subject:** RE: Bullets for Review this morning - Minister meeting with ABCS tomorrow  
**Attachments:** B.18 - Student Financial Assistance - Interest Rates\_30 Oct 2015.docx

Hi Kate,

As requested, please find attached the updated estimates note on interest rates for SFA. As noted in my email below, the table at the bottom of this note doesn't correlate with the table you provide below on foregone revenue. I'm assuming this is because you received updated figures from Ros/Thomas Wall on Friday.

I also noted a typo in our estimate note, which I've corrected in the attached; Nunavut charges Prime – 1%, not +1%.

We are also working on a GCPE note with similar content; however, this has yet to be approved so I'm not able to send. We are working on finalizing that note during the middle of this week.

Thanks,

Teresa

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**From:** Butler, Teresa AVED:EX  
**Sent:** Monday, December 14, 2015 11:52 AM  
**To:** Cotie, Kate L AVED:EX  
**Cc:** Martiniuk, Daryn AVED:EX  
**Subject:** FW: Bullets for Review this morning - Minister meeting with ABCS tomorrow

Hi Kate,

Our suggested comments in red below. Please note, the table demonstrating foregone revenue below differs from what we included in our estimates materials. My assumption is that Kathy worked on Friday with Ros and Thomas Wall to update the table with more current figures; however, suggest this be verified.

### Background:

#### Student Loan Interest Rates:

- British Columbia, **along with Canada and New Brunswick**, charges prime plus 2.5% on BC Student Loans in repayment. Interest begins to accrue on the student loan debt immediately after the student's completion of studies; **however, students are not required to begin making payments until six months following completion.**

### Analysis:

#### Student Loan Interest Rates:

- The ABCS would like Government to eliminate interest accrual in the student's six-month grace period following the conclusion of studies and, to reduce or eliminate interest charged on BC Student Loans in repayment.
- In their 2015 Advocacy Document, the ABCS suggests that by charging 2.5% above prime, the Province is forcing those who cannot afford to attend post-secondary education without loans to pay substantially more for their education than those who are able to complete their degrees without the assistance of student loan funding.

- In order to assist those students who have difficulty in the repayment of their student loans, the **Canada and British Columbia Repayment Assistance Plan** was implemented to help borrowers manage their student loan debt by allowing them to pay back only what they can reasonably afford. **Borrowers are able to renegotiate repayment based on their debt to income ratio, and extend their amortization period (from 9.5 years to a maximum of 14.5 years).**
- In addition, the **BC Completion Grant** helps keep debt load manageable by establishing a maximum weekly loan limit and reducing a student's weekly loan amount to an established threshold. This ensures those students with the highest debt load benefit the most. **Approximately 23,000 students receive loan reduction annually for studies successfully completed.**
- If the BC rates were lowered the approximate reduced revenue would amount to (highest to lowest):

BC Interest Rate	BC Foregone Revenue
Prime	\$16.9 million
Prime +0.5%	\$13.7 million
Prime + 1.0%	\$10.5 million
Prime + 1.5%	\$7.2 million
Prime + 2.0%	\$4.0 million

Teresa

**From:** Martiniuk, Daryn AVED:EX  
**Sent:** Monday, December 14, 2015 8:02 AM  
**To:** Butler, Teresa AVED:EX  
**Subject:** Fwd: Bullets for Review this morning - Minister meeting with ABCS tomorrow

Pls review.

Thx

Daryn Martiniuk  
 Sent from my iPhone

Begin forwarded message:

**From:** "Cotie, Kate L AVED:EX" <[Kate.Cotie@gov.bc.ca](mailto:Kate.Cotie@gov.bc.ca)>  
**Date:** December 14, 2015 at 7:21:16 AM PST  
**To:** "Martiniuk, Daryn AVED:EX" <[Daryn.Martiniuk@gov.bc.ca](mailto:Daryn.Martiniuk@gov.bc.ca)>  
**Cc:** "Buettner, Kathy AVED:EX" <[Kathy.Buettner@gov.bc.ca](mailto:Kathy.Buettner@gov.bc.ca)>, "Brown, Susan B AVED:EX" <[Susan.B.Brown@gov.bc.ca](mailto:Susan.B.Brown@gov.bc.ca)>  
**Subject:** **Bullets for Review this morning - Minister meeting with ABCS tomorrow**

Hi Darryn – as discussed Friday afternoon, the Minister is meeting with Association of BC Schools tomorrow and DMO wants a meeting note today by noon. One of the issues they want to talk about is Student Loan interest Rates. Kathy put these together Friday afternoon working with Rosylin Soo and Thomas Wall. Can you please review and let me know asap if you have any changes?

Kathy

Background:

Student Loan Interest Rates:

- British Columbia charges prime plus 2.5% on BC Student Loans in repayment. Interest begins to accrue on the student loan debt immediately after the student's completion of studies.

Analysis:

Student Loan Interest Rates:

- The ABCS would like Government to eliminate interest accrual in the student's six-month grace period following the conclusion of studies and, to reduce or eliminate interest charged on BC Student Loans in repayment.
- In their 2015 Advocacy Document, the ABCS suggests that by charging 2.5% above prime, the Province is forcing those who cannot afford to attend post-secondary education without loans to pay substantially more for their education than those who are able to complete their degrees without the assistance of student loan funding.
- In order to assist those students who have difficulty in the repayment of their student loans, the British Columbia Repayment Assistance Plan was implemented to help borrowers manage their student loan debt by allowing them to pay back only what they can reasonably afford.
- If the BC rates were lowered the approximate reduced revenue would amount to (highest to lowest):

BC Interest Rate	BC Foregone Revenue
Prime	\$16.9 million
Prime +0.5%	\$13.7 million
Prime + 1.0%	\$10.5 million
Prime + 1.5%	\$7.2 million
Prime + 2.0%	\$4.0 million

Kate Cotie, Director Strategic Policy and Initiatives  
 Strategic Policy and Planning Branch  
 BC Ministry of Advanced Education  
 Phone: (250) 387-6197  
 Email: [Kate.Cotie@gov.bc.ca](mailto:Kate.Cotie@gov.bc.ca)



# STUDENT FINANCIAL ASSISTANCE

Date: October 30, 2015

## Key Facts: Interest Rates

Jurisdiction (high to low)	2015/16	2014/15	2013/14	Change
Canada	prime + 2.5%	prime + 2.5%	prime + 2.5%	0
British Columbia	prime + 2.5%	prime + 2.5%	prime + 2.5%	0
New Brunswick	prime + 2.5%	prime + 2.5%	prime + 2.5%	0
Ontario	prime + 1%	prime + 1%	prime + 1%	0
Nunavut	prime - 1%	prime + 1%	prime + 1%	0
Quebec	prime + 0.5%	prime + 0.5%	prime + 0.5%	0
Alberta	prime	prime	prime	0
Saskatchewan	prime	prime	prime	0
Northwest Territories (NWT)	no interest for graduates residing in NWT <sup>1</sup>	prime + 1%	prime + 1%	↓
Manitoba	no interest on loans	prime	prime	↓
Nova Scotia	no interest on loans	no interest on loans	prime + 0.5%	0
Prince Edward Island	no interest on loans	no interest on loans	no interest on loans	0
Newfoundland and Labrador	non-repayable assistance	no interest on loans	no interest on loans	N/A
Yukon	non-repayable assistance	non-repayable assistance	non-repayable assistance	N/A

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<sup>1</sup> For students residing outside of the NWT after completing their studies, the interest rate is 1% below prime.



**Highlights:**

- Student loan interest rates vary by province.
- British Columbia, New Brunswick, and the Canada Student Loan Program charge the highest lending rate – prime plus 2.5%.
- Alberta and Saskatchewan charge prime, Ontario charges prime plus 1% and Quebec prime plus 0.5%. Nunavut charges prime minus 1%. The Northwest Territories recently introduced no interest on loans for graduates residing within the province; for graduates residing outside of the province, the interest rate is prime minus 1%.
- Manitoba, Nova Scotia, and Prince Edward Island do not charge interest on provincial student loans.
- The Yukon and Newfoundland and Labrador (for students studying in the province and for some students studying outside of the province) provide only non-repayable assistance and do not provide loans. Students will still be required to pay back the Canadian portion of their student loans.

**Background on interest rates in B.C.:**

- Between 1964 and 1994, banks issued loans to post-secondary students. Governments provided a guarantee to the banks in the event of default and paid interest to the banks while students were in studies. Students paid their loans back to the bank, with interest, once studies ended.
- For the period 1995 to 1999, a similar arrangement existed, except governments paid a risk premium to the banks instead of a loan guarantee in the event of default.
- In 2000, BC moved to a direct lend loan model, where government provides loans directly to students and banks are no longer involved. Government receives revenue back in the form of repayment. Interest is charged at a rate of prime + 2.5%, six months after a student completes their studies or is no longer enrolled.
- The other jurisdictions, including Canada, moved to the same direct lend loan model shortly afterwards.
- BC spent \$18 million on in-study interest for about 68,000 students in 2013/14.
- 100% of interest is paid by government while the student is in full-time studies.
- After six months, borrowers go into repayment and the interest from the non-payment period is capitalized.
- The revenue received from students during repayment does not cover the full cost of government loans as loans are interest free during studies.
- Eliminating interest rates would cost provincial taxpayers about \$34.6 million/year (foregone revenue). See Appendix A for the cost to reduce interest rates.
- Eliminating interest during the non-payment period would cost the government fiscal plan approximately \$6 million/year (foregone revenue).
- Non-repayable assistance for all eligible in-province programs; no interest on existing in-province loans and some out-of-province study loans.

**PREPARED BY:**

Daryn Martiniuk  
ED, Student Services Branch  
250-387-2496

**REVIEWED BY:**

Paige MacFarlane  
ADM, Institutions and Programs Division  
Ministry of Advanced Education

*Reviewed by*

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Appendix A

Cost to Reduce Interest Rate (highest to lowest)

Interest Rate	Annual Cost (foregone revenue)
No interest	\$34.6 million
Prime	\$18 million
Prime +0.5%	\$14.6 million
Prime + 1.0%	\$11.2 million
Prime + 1.5%	\$7.8 million
Prime + 2.0%	\$4.4 million

## Laberge, Shelly A AVED:EX

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**From:** Buettner, Kathy AVED:EX  
**Sent:** Friday, December 11, 2015 10:57 AM  
**To:** Cotie, Kate L AVED:EX  
**Subject:** RE: alliance of bc students

Okey dokey. The interest rate piece we can pull from the canned wording – capped at 2% and 4<sup>th</sup> lowest in the country etc. but I will touch base with her group.

Kathy Buettner  
Policy Analyst  
Strategic Policy and Initiatives  
Ministry of Advanced Education  
(250) 356-8012

---

**From:** Cotie, Kate L AVED:EX  
**Sent:** Friday, December 11, 2015 10:55 AM  
**To:** Buettner, Kathy AVED:EX  
**Subject:** RE: alliance of bc students  
**Importance:** High

There is a rush meeting note request coming your way on this – you may need to work with Alison's group on some of it?

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**From:** Buettner, Kathy AVED:EX  
**Sent:** Friday, December 11, 2015 10:54 AM  
**To:** Cotie, Kate L AVED:EX  
**Subject:** RE: alliance of bc students

Hmmm.. that's a new one. I'll see what I can find.

Kathy Buettner  
Policy Analyst  
Strategic Policy and Initiatives  
Ministry of Advanced Education  
(250) 356-8012

---

**From:** Cotie, Kate L AVED:EX  
**Sent:** Friday, December 11, 2015 10:53 AM  
**To:** Buettner, Kathy AVED:EX  
**Subject:** alliance of bc students

Apparently they are meeting with the Minister on Tuesday and want to talk about campus housing and student loan interest rates. The student loan interest rates piece is probably pretty straight forward – but are you aware of what issues alliance of bc students would be raising about campus housing?

Kate Cotie, Director Strategic Policy and Initiatives

Strategic Policy and Planning Branch  
BC Ministry of Advanced Education  
Phone: (250) 387-6197  
Email: [Kate.Cotie@gov.bc.ca](mailto:Kate.Cotie@gov.bc.ca)



## Meeting Note Advice to Minister

**Meeting Date:** December 15, 2015

**Cliff #:** 101212

**Attendees:** Alex McGowan, VP External, Kwantlen Student Association  
Patrick Meehan, Staff, Kwantlen Student Association  
Bingyu (Grace) Liu, VP External, UBC Graduate Student Society  
Taylor Wilson, VP External, Capilano Student Union  
Christopher Girodat, Staff, Capilano Student Union

**Issue:** Meeting with the Alliance of BC Students regarding campus housing, BC Student Loan interest rates, and ongoing collaboration in the new year.

### Background / Facts:

- The Alliance of BC Students (ABCS) is a student-driven post-secondary advocacy group. Membership information is included in Attachment 1.
- Representatives have indicated they would like to discuss: campus housing (their primary issue for discussion), interest charged on BC Student loans, and the Ministerial priorities for 2016 and beyond.

#### Campus Housing:

- The ABCS suggests that Government should enable public post-secondary institutions to incur debt to build student housing.
- They understand Government debt policy, but argue this would not result in additional debt to Government as debt incurred by the institution would be fully serviced through residence fees.
- The ABCS raised this issue in the past (most recently in July 2015). They are likely to seek a position statement from the Minister on this matter, as well as feedback on how they can assist in moving this issue forward.

#### Student Loan Interest Rates:

- The ABCS would like Government to eliminate interest accrual in the six-month grace period following the conclusion of studies and to reduce or eliminate interest charged on BC Student Loans in repayment.
- In their 2015 Advocacy Document, the ABCS suggests that by charging 2.5% above prime, the Province is forcing students who cannot afford post-secondary education without loans to pay substantially more for their education than those who are able to complete their studies without the student financial assistance.

### Analysis:

#### Campus Housing:

- Public post-secondary institutions are part of the Government Reporting Entity. Institutional borrowing for capital projects impacts overall provincial debt.



- Government is committed to sound fiscal management, and debt-to-GDP is a key indicator of progress in this area.
- Government understands the need for campuses to develop and accommodate growing demands for housing, food services and other amenities.
- The Province, in cooperation with public post-secondary institutions, is exploring options for new models for campus capital and business expansion so that debt incurred is considered “self-supporting” debt.

#### Student Loan Interest Rates:

- British Columbia, along with Canada and New Brunswick, charges prime plus 2.5% on BC Student Loans in repayment. A summary of student loan interest rates across Canada is included in Attachment 2.
- Interest begins to accrue immediately after the completion of studies; however, students are not required to begin making payments until six months following completion.
- The Canada and British Columbia Repayment Assistance Plan helps borrowers who have difficulty in repayment to manage their debt by allowing them to repay what they can reasonably afford. Borrowers are able to renegotiate repayment based on their debt-to-income ratio, and extend their amortization period (from 9.5 years to a maximum of 14.5 years).
- In addition, the BC Completion Grant helps keep debt load manageable by establishing a maximum weekly loan limit and reducing the weekly loan amount to an established threshold. This ensures those students with the highest debt load benefit the most. Approximately 23,000 students annually have their loans reduced for studies successfully completed.
- The following table shows the impact on provincial revenues if BC Student Loan interest rates were lowered.

**Cost to Reduce Interest Rate (highest to lowest)**

Interest Rate	Annual Cost (foregone revenue)
No interest	\$34.6 million
Prime	\$18 million
Prime +0.5%	\$14.6 million
Prime + 1.0%	\$11.2 million
Prime + 1.5%	\$7.8 million
Prime + 2.0%	\$4.4 million

#### Conclusion / Next Steps (if any):

- The ABCS has raised these issues with the Minister at previous meetings. The ABCS sees this meeting as an opportunity for follow up and as part of an ongoing dialogue with the Minister.
- The ABCS would like to discuss how they can work with the Minister in the new year. They would like to build a good better understanding of Ministerial priorities and how they can be support those through an advisory/consultation role.

**Attachment(s):** Alliance of BC Students Membership  
**Contact:** Claire Avison, Assistant Deputy Minister  
 250-217-9059

**Attachment 1**



## Alliance of BC Students Membership

Institution	Student Union
British Columbia Institute of Technology	BCIT Student Association
Capilano University	Capilano Student Union
Kwantlen Polytechnic University	KPU Student Association
Langara College	Langara Students' Union
Royal Roads University	Royal Roads University Student Association
University of British Columbia	Alma Mater Society of UBC Vancouver
	Graduate Student Society of UBC Vancouver
University of the Fraser Valley	UFV Student Union Society

## Student Loan Interest Rates Across Canada

Jurisdiction (high to low)	2015/16	2014/15	2013/14	Change
Canada	prime + 2.5%	prime + 2.5%	prime + 2.5%	0
British Columbia	prime + 2.5%	prime + 2.5%	prime + 2.5%	0
New Brunswick	prime + 2.5%	prime + 2.5%	prime + 2.5%	0
Ontario	prime + 1%	prime + 1%	prime + 1%	0
Nunavut	prime - 1%	prime + 1%	prime + 1%	0
Quebec	prime + 0.5%	prime + 0.5%	prime + 0.5%	0
Alberta	prime	prime	prime	0
Saskatchewan	prime	prime	prime	0
Northwest Territories (NWT)	no interest for graduates residing in NWT <sup>1</sup>	prime + 1%	prime + 1%	↓
Manitoba	no interest on loans	prime	prime	↓
Nova Scotia	no interest on loans	no interest on loans	prime + 0.5%	0
Prince Edward Island	no interest on loans	no interest on loans	no interest on loans	0
Newfoundland and Labrador	non-repayable assistance	no interest on loans	no interest on loans	N/A
Yukon	non-repayable assistance	non-repayable assistance	non-repayable assistance	N/A

<sup>1</sup> For students residing outside of the NWT after completing their studies, the interest rate is 1% below prime.



*Ministry of  
Advanced Education*

## **Information Note Advice to Minister**

**Date:** December 14, 2015

**Cliff #:** 101220

**Issue:** Update on Kwantlen Polytechnic University's School of Traditional Chinese Medicine

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**Contact:** Sandra Carroll, Deputy Minister, 250-356-5173  
Fazil Mihar, Assistant Deputy Minister, 250-952-0697