

Interest Rate Elimination Project

1. Project purpose and overview:

Government has made a commitment to improve access to post-secondary education, and provide debt relief support to BC students. Eliminating interest paid by StudentAid BC (SABC) borrowers on their B.C. Student Loan (BCSL) debt can address this commitment by lowering the net cost of post-secondary studies, a factor that can act as a barrier for students who are debt-averse and/or lack financial resources.

The interest rate elimination project (Project) will build upon the August 1st reduction in interest on BCSL debt, from prime +2.5% to prime, by further reducing the interest rate to zero. The reduced provincial interest rate for BCSL will benefit approximately 200,000 people as well as future borrowers.

2. Project Leads:

- A. **Ministry of Advanced Education, Skills and Training (AEST)** – Daryn Martiniuk, Teresa Butler, Burke van Drimmelen
- B. **Ministry of Finance (FIN)** – Steve Pleva, Janine Grouette, Kina He

3. Mandate Letter Direction:

“Reduce the financial burden on students by eliminating interest on B.C. government student loans”

4. Scope:

- The Project will include staff involvement from AEST and FIN.
- The Project will primarily involve financial planning, including budgetary impact projections and a Cabinet Submission, in line with the 2018/19 Budget process.

5. Approach (phases of the project):

- **Phase 1** – Develop budgetary impact projections
- **Phase 2** – Seek budgetary approvals to support Project implementation timelines.
 - Build Program into 2018/19 Budget process (Cabinet Submission via FIN)
 - Announce Project with 2018/19 Budget
- **Phase 3** – Implement Project

6. Milestones & Deliverables:

DELIVERABLE	MILESTONE (date)
Minister’s Decision Note	October 1, 2017
Cabinet Submission	October 20, 2017
Budgetary Approval	December 1, 2017

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Interest Rate Elimination Project

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7. Roles/Governance:

Daryn Martiniuk – Project Sponsor
Steve Pivetta – Project Sponsor
Janine Grouette – Project Lead
Teresa Butler – Project Lead
Burke van Drimmelen – Senior Analyst
Kina He – Senior Analyst

8. Risks

RISK ASSESSMENT				
Risk	Probability	Impact	Response Strategy	Residual Risk
Project team resource availability	Med	Med	Adjust project timeline	Low
Change to organizational structure	Med	High	Establish clear project management processes and documentation	Low
Unable to secure budget	Low	High	Engage revenue services (FIN) as key project members	Low

Oaten, Jeremy AEST:EX

From: Butler, Teresa MCF:EX
Sent: Monday, July 31, 2017 6:07 PM
To: Grouette, Janine FIN:EX
Cc: Porter, Rodney GCPE:EX; van Drimmelen, Burke AEST:EX; Karim, Susan AEST:EX
Subject: RE: FOR APPROVAL BY FIN: FW: SABC Interest Rate Change
Attachments: IN_AEST_Student Loan_July31_5 50pm.docx

Importance: High

Hi Janine,

Further to my note below, please find attached the updated Issues Notes for your review/approval. Unfortunately, we need to get this approved tonight, as this messaging will inform our announcement on the website, scripting for the call centre, etc.

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Respectfully,

Teresa

From: Butler, Teresa AVED:EX
Sent: Monday, July 31, 2017 5:20 PM
To: Grouette, Janine FIN:EX
Cc: Porter, Rodney GCPE:EX; van Drimmelen, Burke AVED:EX
Subject: FOR APPROVAL BY FIN: FW: SABC Interest Rate Change
Importance: High

Hi Janine,

In addition to the Issues Note (which I know you're currently reviewing), could you please review the scripting bullets below for our call centre staff, and let me know if this looks good from your perspective?

Staff will need this for tomorrow morning, so please let me know if you have any edits.

Thanks,

Teresa

From: Porter, Rodney GCPE:EX
Sent: Monday, July 31, 2017 4:59 PM
To: van Drimmelen, Burke AVED:EX
Cc: Butler, Teresa AVED:EX
Subject: Re: SABC Interest Rate Change

Looks good

Rodney Porter
B.C. Ministry of Advanced Education, Skills and Training
Mobile 250 889-7494

On Jul 31, 2017, at 4:54 PM, van Drimmelen, Burke AVED:EX <Burke.vanDrimmelen@gov.bc.ca> wrote:

Hi Rodney,

Please find draft scripting/bullets for Tiers 1 and 2 call centre staff, per the final bullet in Teresa's email below.

-
- *Effective Aug. 1, 2017, the interest rate for the B.C. portion of student loan debt will be reduced from prime plus 2.5% to prime. This change will impact all direct lend Province of British Columbia student loans, all overawards and risk-sharing/guaranteed loans in default.*
 - *Prime is currently 2.95%, therefore the interest rate is being reduced from 5.45% to 2.95%.*
 - *Provinces/territories do not have jurisdiction over the interest rate the federal government applies to federal loans issued to B.C. students. The federal interest rate applied to the federal component of a B.C. borrower's integrated loans will remain unchanged at prime plus 2.5%.*
 - *While the effective date is August 1st, 2017, Government may require additional time to ensure that all necessary systems updates are made to appropriately deliver the change in interest rate. As such, the change may be applied retroactively, meaning current borrowers may still see the previous provincial interest rate of prime plus 2.5% referenced on their accounts, until the necessary system changes are made.*
 - *Further information will be posted on the SABC website as it becomes available, so be sure to check regularly.*

From: Butler, Teresa AVED:EX

Sent: Monday, July 31, 2017 4:09 PM

To: Sajko, Marijan AVED:EX; Soo, Rosilyn L AVED:EX; Gerlach, Randall AVED:EX; Pivetta, Alys AVED:EX

Cc: Martiniuk, Daryn AVED:EX; Pridmore, Kerry AVED:EX; Hurst, Trevor AVED:EX; Grouette, Janine FIN:EX; Wolsey, Ashley AVED:EX; Colthorpe, Glenn AVED:EX; Dirks, Robin AVED:EX; Hewko, Katherine AVED:EX; Karim, Susan AVED:EX; Stratholt, Miles L AVED:EX; van Drimmelen, Burke AVED:EX

Subject: FW: SABC Interest Rate Change

Importance: High

Hi everyone,

Looks like we are a go for the change in the interest rate to prime, effective tomorrow (August 1st).

Please note my team is working with Rodney to prepare:

- GCPE Issues Note;
- Announcement for the SABC website;
- Letter to VP's of Institutions (under Jeff's signature);
- Memo to Financial Aid Officers at BC Publics (via ASAP Executive, under my signature on behalf of Daryn);
- Scripting/bullets for Tiers 1 and 2 call centres

My team is also identifying any publications/forms/documents in which we reference the current interest rate, as this will need to be updated. A checklist is being generated to track the necessary changes.

Any questions, please connect with myself or Rodney directly.

Respectfully,

Teresa

From: Wolsey, Ashley AVED:EX
Sent: Monday, July 31, 2017 3:56 PM
To: Butler, Teresa AVED:EX
Subject: RE: SABC Interest Rate Change

Hi – I understand you spoke with Jeff, but I will paper the response. Yes we are confirmed.

Kevin will be flagging this for TBTB as a priority (I think he already did)

Thanks
Ashley

From: Butler, Teresa AVED:EX
Sent: Monday, July 31, 2017 2:54 PM
To: Wolsey, Ashley AVED:EX
Subject: SABC Interest Rate Change

Hi Ashley,

Can you please confirm we are approved to change the SABC interest rate from prime plus 2.5% to prime, effective August 1, 2017? I need to send formal confirmation to TBTB in order for them to assess the impact of the change.

As discussed previously, we won't share anything publically unless/until it's been routed through Rodney and yourself/Jeff.

Thanks,

Teresa Butler, B.Ed, MPA
Director of Policy and Communications
Student Services Branch | StudentAid BC
Institutions and Programs Division
Ministry of Advanced Education, Skills and Training
Tel: (250) 387-6191

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ADVICE TO MINISTER

<p>CONFIDENTIAL ISSUES NOTE</p> <p>Ministry: Advanced Education, Skills and Training</p> <p>Date: July 31, 2017</p> <p>Minister Responsible: Hon. Melanie Mark</p>	<p>Student loan interest rates</p>
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ADVICE AND RECOMMENDED RESPONSE:

- Our government is working to find solutions for problems that people face every day, including supporting affordable post-secondary education.
- Reducing the interest rate on B.C. student loans will provide some financial relief for families and make life more affordable for people starting their careers.

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- Effective Aug. 1, 2017, the interest rate for provincial student loans will be reduced from prime plus 2.5% to prime, which is currently 2.95%.
- The reduced provincial interest rate will benefit for British Columbia student loans will benefit approximately 180,000 current borrowers, as well as future provincial student loan borrowers once they enter into repayment.

IF ASKED ABOUT PLATFORM COMMITMENT:

- Government remains committed to eliminating interest on student loans and will explore options for moving towards interest-free loans over the coming months.

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- s.13 A phased approach to implementing interest free student loans honours a commitment made in February 2017 by the previous government to reduce student loan variable term interest rate to prime. However, this change was not implemented as the previous budget did not pass.
- The reduction to prime is a positive step in the right direction to provide support for families.

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IF ASKED HOW MUCH STUDENTS WILL SAVE:

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BACKGROUND REGARDING THE ISSUE:

StudentAid BC (SABC) provides student financial assistance in B.C. SABC is an integrated program delivering both the provincial program and the federal component of the program on behalf of the federal government.

The federal government sets the interest rate for federal component of B.C. student loans, and the Province sets the interest rate for provincial component of B.C. student loans. Integrated loans in B.C. are awarded to eligible students based on an approximate 60/40 split between federal and provincial funding respectively.

Qualified students in B.C. accessed approximately \$666.0 million in federal and provincial student financial assistance in 2015-16, including approximately \$255 million in provincially funded programs.

A change to the current provincial interest rate for direct lending^{s.13} ^{s.13} provincial student loans^{s.13} -overawards and risk-sharing/guaranteed loans in default^{s.13} would impact approximately 180,000 current borrowers, as well as future provincial student loan borrowers once they enter into repayment.

British Columbia had one of the highest student loan interest rates in the country at 5.45% for variable repayment term rate (prime plus 2.5%). The Government of Canada and New Brunswick also charge prime plus 2.5% (5.45%) interest on student loans.

Provinces/territories do not have jurisdiction over the interest rate the federal government applies to federal loans issued to B.C. students. The federal interest rate applied to the federal component of B.C. borrowers integrated loans will remain unchanged at prime plus 2.5% (5.45%).

The government platform committed to make all current and future B.C. student loans interest free and will explore options for moving towards interest-free loans over the coming months. This change to the prime rate is a positive step in the right direction to provide support to families.

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ⁱIn February 2017 ~~by~~ the previous government committed to reduce the variable repayment term student loan interest rate to prime. However, this change was not implemented as the budget did not pass.

Due to the time required to make the necessary system changes, the August 1, 2017 implementation date will be applied retroactively, meaning current borrowers may still see the previous provincial interest rate of prime plus 2.5% referenced on their accounts until the necessary system changes are made. The Ministry of Finance is working to identify options to ensure the change is applied retroactively effective August 1, 2017, regardless of when the necessary system updates are completed.

Interest on student loans begins accruing once students conclude their studies. Six-

ADVICE TO MINISTER

months after the conclusion of studies, the interest is capitalized and students are required to start repaying their loans. The BC Repayment Assistance Plan is available to British Columbia student loan borrowers who have a Canada-BC integrated student loan. The BC RAP program helps borrowers pay back what they can reasonably afford.

According to the 2016 BC Student Outcomes surveys, 36% of baccalaureate graduates and 25% of diploma, associated degree and certificate respondents in the public post-secondary sector made use of government student loans. Bachelor graduates with loans from all sources reported a median of \$25,000, and those with only government loans reported a median debt of \$25,000. Diploma, associate degree and certificate program respondents with loans from all sources had a median debt of \$10,000 compared to \$11,000 for those with only government loans.

Communications Contact: Rodney Porter
Program Area Contact: Teresa Butler / Susan Karim
File Created:

Program Area	ADM / Deputy Minister	Communications Director
Daryn Martiniuk	Jeff Vasey	

Oaten, Jeremy AEST:EX

From: Butler, Teresa MCF:EX
Sent: Tuesday, August 8, 2017 9:35 AM
To: Soo, Rosilyn L AEST:EX; Gerlach, Randall AEST:EX; Karim, Susan AEST:EX
Cc: Ferrel, Ben AEST:EX
Subject: FW: XXXXXX_IN re SABC Interest Rate Change 1 Aug 2017_DRAFT
Attachments: XXXXXX_IN re SABC Interest Rate Change 1 Aug 2017_DRAFT.docx

Hi you three – Jeff had requested we prepare a summary IN to document the decision to make the change to the interest rate. Janine has reviewed and provided some edits in the attached. Could you each please review as well, and send any additional edits (changes tracked) to me?

Ben – cc'ing you in Alys' absence. Could you please let Kerry know?

Thanks!

Teresa

From: Grouette, Janine FIN:EX
Sent: Friday, August 4, 2017 4:23 PM
To: Butler, Teresa AVED:EX
Subject: XXXXXX_IN re SABC Interest Rate Change 1 Aug 2017_DRAFT

Updated thanks!



2017 Information Note Advice to Minister

Date: 4 August 2017

Cliff #:

Issue: Reduction in the interest rate for provincial student loans effective August 1, 2017

Conclusion / Next Steps (if any):

- Conclusion should be a short summary of the discussion and analysis
- Next steps if any for the minister

Background / Facts:

- StudentAid BC (SABC) delivers the provincial and federal component of the student financial assistance program for B.C. post-secondary students attending institutions both within B.C. and across Canada/internationally.
- Integrated student loans for B.C. students are based on an approximate 60/40 split between federal and provincial funding respectively.
- The federal government sets the interest rate for the federal component of integrated loans, and the provincial government sets the interest rate for the provincial component.
- The interest rate for the federal component of integrated student loans is either a floating interest rate (the Prime rate plus 2.5 per cent) or a fixed rate (the Prime rate plus 5 per cent).
- The provincial interest rate has historically mirrored the federal rates; further, the B.C./Canada, along with New Brunswick, interest rates for student loans are the highest in Canada, (see Appendix 1 for a breakdown of all provincial/territorial rates).
- The 2017 B.C. New Democratic Party election platform committed to “mak[ing] life more affordable for people just starting their careers by making all current and future BC student loans interest free,” (p.13).
- A change to the current provincial interest rate for direct lend Province of British Columbia student loans (including all overawards and risk-sharing/guaranteed loans in default) would impact approximately 200,000 current borrowers, as well as future provincial student loan borrowers once they enter into repayment.
- Interest begins accruing on an integrated student loan once the student concludes their studies. Six-months after studies end, the interest is added to the outstanding loan balance and students are required to enter repayment.
- According to the 2016 Student Outcomes Surveys, about a third of B.C. students access government student loans. Bachelor graduates with government loans reported a median debt of \$25,000. Diploma, associate degree and certificate graduates with government loans reported a median debt of \$11,000.

Analysis:

- Effective Aug. 1, 2017, the interest rate for the B.C. component of the floating rate student loan debt was reduced from Prime plus 2.5% to Prime, and the fixed rate student loan rate was reduced from Prime + 5.0% to Prime.

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**Ministry of
Advanced Education,
Skills and Training**

- This change impacts all direct lend provincial student loans (floating and fixed rates), all overawards, and risk-sharing/guaranteed loans in default status only (does not apply to risk-sharing/guaranteed loans in good-standing, as these loans are ~~managed~~ were provided by the student's financial institution and were issued prior to 2000).
- As of July 13, 2017 the Prime rate is 2.95% – therefore the provincial interest rate for floating rate loans has been reduced from 5.45% (Prime plus 2.5%) to 2.95%; and the provincial rate for fixed rate loans has been reduced from 7.95% (Prime plus 5%) to 2.95%.
- A reduction to Prime (from Prime plus 2.5%) represents approximately -\$12 million in foregone revenue for fiscal 2017/18, and approximately \$166.9 million annually in fiscal 2018/19 and ongoing.
- Ministry of Finance will work with Treasury Board staff to ensure the reduction in foregone revenue is reflected in government's fiscal plan.

Attachment(s): *Appendix A: Comparison of Provincial and Federal Student Loan Interest Rates as of July 31, 2017 (Variable Term Repayment Rates)*

Contact: *Jeff Vasey (250) 952-0697*

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Appendix A: Comparison of Provincial and Federal Student Loan Interest Rates as of July 31, 2017 (Variable Term Repayment Rates)

Jurisdiction (high to low)	2016/17	2015/16	2014/15	2013/14	Trend
Canada	Prime + 2.5%	Prime + 2.5%	Prime + 2.5%	Prime + 2.5%	-
British Columbia	Prime + 2.5%	Prime + 2.5%	Prime + 2.5%	Prime + 2.5%	-
New Brunswick	Prime + 2.5%	Prime + 2.5%	Prime + 2.5%	Prime + 2.5%	-
Ontario	Prime + 1%	Prime + 1%	Prime + 1%	Prime + 1%	-
Quebec ¹	Prime + 0.5%	Prime + 0.5%	Prime + 0.5%	Prime + 0.5%	-
Alberta	Prime	Prime	Prime	Prime	-
Saskatchewan	Prime	Prime	Prime	Prime	-
Nunavut	Prime - 1%	Prime - 1%	Prime - 1%	Prime - 1%	-
Northwest Territories ¹	no interest for graduates residing in NWT ²	no interest for graduates residing in NWT ²	Prime + 1%	Prime + 1%	-
Manitoba	no interest on loans	no interest on loans	Prime	Prime	-
Nova Scotia	no interest on loans	no interest on loans	no interest on loans	Prime + 0.5%	-
Prince Edward Island	no interest on loans	no interest on loans	no interest on loans	no interest on loans	-
Newfoundland and Labrador	no interest on loans	non-repayable assistance (grants) only	no interest on loans	no interest on loans	N/A
Yukon ¹	non-repayable assistance (grants) only	non-repayable assistance (grants) only	non-repayable assistance (grants) only	non-repayable assistance (grants) only	N/A

¹ QC, NWT, and Yukon do not participate in the Canada Student Loans Program.

² For students residing outside of the NWT after completing their studies, the interest rate is 1% below Prime.

Oaten, Jeremy AEST:EX

From: Butler, Teresa MCF:EX
Sent: Monday, August 14, 2017 2:05 PM
To: Martiniuk, Daryn SDPR:EX
Cc: Colthorpe, Glenn AEST:EX; Karim, Susan AEST:EX
Subject: FW: 2017-08_11DN_EliminationStudentLoanFixedRate
Attachments: 2017-08_11DN_EliminationStudentLoanFixedRate.doc

Hi Daryn,

As discussed in our meeting this morning, please find attached the FIN DN re: eliminating the fixed rate completely.

As mentioned, I verbally briefed Jeff, but have not shared a copy, as this is firmly in FIN's purview.

Copying Glenn and Susan, as depending on the outcome, we will/may need to update all our external communications, policy manual, etc.

Teresa

From: Grouette, Janine FIN:EX
Sent: Friday, August 11, 2017 5:00 PM
To: Butler, Teresa AVED:EX
Subject: FW: 2017-08_11DN_EliminationStudentLoanFixedRate

Sharing – I will update the Minister note Monday morning

Janine Grouette, CPA, CMA
Director StudentAid BC Finance and Contract Governance
Revenue Solutions Branch, Ministry of Finance

1810 Blanshard Street, Victoria, BC
Office: 250-387-1199
Cell: 250-216-0894

From: Symes, Elan C FIN:EX
Sent: Friday, August 11, 2017 4:50 PM
To: Grouette, Janine FIN:EX
Subject: 2017-08_11DN_EliminationStudentLoanFixedRate

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Withheld pursuant to/removed as

NR

Oaten, Jeremy AEST:EX

From: Soo, Rosilyn L AEST:EX
Sent: Wednesday, September 6, 2017 9:48 AM
To: Butler, Teresa MCF:EX; Karim, Susan AEST:EX
Subject: FW: interest rate announcement - edits to notes

Sharing Janine's response. The FIN CFO's Office has locked down updates for September 11 Budget Day, so no changes to the numbers in the notes.

Susan and I also checked the Bank of Canada, RBC and TD website and prime is still showing as 2.95% unchanged.

Ros.

From: Grouette, Janine FIN:EX
Sent: Wednesday, September 6, 2017 9:40 AM
To: Soo, Rosilyn L AVED:EX; He, Kina FIN:EX; Martiniuk, Daryn AVED:EX
Cc: van Drimmelen, Burke AVED:EX
Subject: RE: interest rate announcement - edits to notes

Hi Ros,
Daryn shared that prime increased again which is why you were asking...I hadn't heard yet, sorry!!

No we will not be updating the numbers. Our CFO's office has directed that the September budget is finalized and the next opportunity to update will be February.

Janine Grouette, CPA, CMA
Director StudentAid BC Finance and Contract Governance
Revenue Solutions Branch, Ministry of Finance

1810 Blanshard Street, Victoria, BC
Office: 250-387-1199
Cell: 250-216-0894

From: Grouette, Janine FIN:EX
Sent: Wednesday, September 6, 2017 9:25 AM
To: Soo, Rosilyn L AVED:EX; He, Kina FIN:EX; Martiniuk, Daryn AVED:EX
Cc: van Drimmelen, Burke AVED:EX
Subject: RE: interest rate announcement - edits to notes

These have been given already. And explained many times to Daryn ☺

Janine Grouette, CPA, CMA
Director StudentAid BC Finance and Contract Governance
Revenue Solutions Branch, Ministry of Finance

1810 Blanshard Street, Victoria, BC
Office: 250-387-1199
Cell: 250-216-0894

From: Soo, Rosilyn L AVED:EX
Sent: Wednesday, September 6, 2017 9:20 AM
To: Grouette, Janine FIN:EX; He, Kina FIN:EX
Cc: van Drimmelen, Burke AVED:EX
Subject: interest rate announcement - edits to notes

Hi Janine and Kina,

Due to the announcement of the interest rate hike, will you be providing revised numbers impact to us.

We are working on Estimates notes that will require update.

Can you please provide to Burke as you had been working on updates to the applicable interest rate note ?

Thanks.

Rosilyn L Soo, BBA, CPA, CMA
Director, Finance and Program Planning
Student Services Branch | StudentAid BC
Institutions and Programs Division
Ministry of Advanced Education, Skills and Training
Office: 250-356-1409; Mobile: 250-508-5039

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Withheld pursuant to/removed as

NR

Oaten, Jeremy AEST:EX

From: Grouette, Janine FIN:EX
Sent: Wednesday, October 11, 2017 12:51 PM
To: Karim, Susan AEST:EX
Cc: He, Kina FIN:EX
Subject: RE: Appendix A -Student Loan Interest Elimination Budget Lift request

No.

The current amount is funded via recoveries. See further down table 3 for this.

Janine Grouette, CPA, CMA
Director StudentAid BC Finance and Contract Governance
Revenue Solutions Branch, Ministry of Finance

1810 Blanshard Street, Victoria, BC
Office: 250-387-1199
Cell: 250-216-0894

From: Karim, Susan AVED:EX
Sent: Wednesday, October 11, 2017 12:48 PM
To: Grouette, Janine FIN:EX
Cc: He, Kina FIN:EX
Subject: RE: Appendix A -Student Loan Interest Elimination Budget Lift request

Hi, another question: Nothing to include in these fields?

Table 3: Estimated Operating Costs (\$M)	17/18	18/19	19/20	20/21
Existing Base Budget for the Core Business Area that would administer the Initiative				
Existing Base Budget for the Program Area* (net of any recoveries) that would administer the Initiative (A)				

*** Program area is defined as the lowest-level “business unit” in your ministry’s organizational hierarchy to which the additional funding would flow.**

Thanks! Susan

From: Grouette, Janine FIN:EX
Sent: Wednesday, October 11, 2017 12:26 PM
To: Karim, Susan AVED:EX
Cc: He, Kina FIN:EX
Subject: Re: Appendix A -Student Loan Interest Elimination Budget Lift request

Yes or it could be in both depending how you've written public consultations.

Janine Grouette
Director StudentAid BC and Contract Governance
Cell: 250-216-0894

On Oct 11, 2017, at 12:21 PM, Karim, Susan AVED:EX <Susan.Karim@gov.bc.ca> wrote:

Hi, one more question:

Would the section I've pasted here be a logical place to put your bullet/comment that "our funding needs must be caveated as they are subject to the actuary's evaluation which has fluctuated in the past."? Currently, you have it under "public consultations".

FISCAL PLAN IMPACTS AND RISKS:

- *The costs of the recommended option for the fiscal plan period, must be shown using the tables below, to 3 decimal places. Ministry budget submissions are required to present FIN funding requests in terms of changes from budget targets included in the Budget 2017 Update. Ensure that information on any incremental FTEs or capital costs are also included. Outline any key risks associated with the proposal and the mitigation strategies that would be used to manage them and any savings or efficiencies anticipated as a result of the initiative. FIN will do this from Estimates values for our Ministry. AVED please advise if there are ancillary savings from your ministry that should be included.*

Susan

From: Grouette, Janine FIN:EX
Sent: Wednesday, October 11, 2017 12:17 PM
To: Karim, Susan AVED:EX
Cc: He, Kina FIN:EX
Subject: Re: Appendix A -Student Loan Interest Elimination Budget Lift request

Susan

I just sent the email to you. It has the only content needed.
Thanks

Janine Grouette
Director StudentAid BC and Contract Governance
Cell: 250-216-0894

On Oct 11, 2017, at 12:15 PM, Grouette, Janine FIN:EX <Janine.Grouette@gov.bc.ca> wrote:

Hi Susa

Just checking if Daryn forwarded my email to you. It has all of the numbers necessary.

Janine Grouette
Director StudentAid BC and Contract Governance
Cell: 250-216-0894

On Oct 11, 2017, at 12:09 PM, Karim, Susan AVED:EX
<Susan.Karim@gov.bc.ca> wrote:

Hi Janine and Kina.

I'm working on the content for this submission. Wondering if you might be able to provide a figure for this bullet, which references the \$12M in interest relief realized by students due to the first reduction to Prime. If you do not have the figure available, I'll just remove the sentence.

* General benefits/outcomes and # impacted by the initiative:
Student loan interest rates are regularly raised by student groups as a barrier to accessing higher education and are sometimes perceived as a tax on the poor, as those with lower income are more likely to borrow to finance their education. Reduction of the provincial interest rate for B.C. student loans will benefit approximately 200,000 people currently in-study or in repayment, as well as future borrowers. Reduction from Prime plus 2.5% to Prime represented approximately \$12 million dollars in interest relief to students. Further reduction from Prime (currently 2.95%) to interest-free would represent an additional XXX in interest relief to students. [SK1]

Thanks! Susan
Susan Karim, M.Ed. | Senior Policy Analyst
Program Policy and Communications, Student Services Branch
B.C. Ministry of Advanced Education, Skills and Training
(250) 952-7494

From: Butler, Teresa AVED:EX
Sent: Wednesday, October 11, 2017 11:28 AM
To: Karim, Susan AVED:EX
Cc: Martiniuk, Daryn AVED:EX
Subject: FW: Appendix A -Student Loan Interest Elimination
Budget Lift request

Hi Susan,

Please see below and attached for content from Janine on the Interest Rate paper. Can you please combine Janine's content with the information you've already populated, and send a consolidated version back to Daryn?

Thanks very much,

Teresa

From: Grouette, Janine FIN:EX
Sent: Tuesday, October 10, 2017 8:28 PM
To: Martiniuk, Daryn AVED:EX
Cc: Pleva, Steve W FIN:EX
Subject: Fwd: Appendix A -Student Loan Interest Elimination
Budget Lift request

Hi Daryn
Checking in on this.
Steve Klak had asked if October 11 was a doable date for a draft?
Or have you new direction from Donna?

Janine Grouette
Director StudentAid BC and Contract Governance
Cell: 250-216-0894

Begin forwarded message:

From: "Grouette, Janine FIN:EX"
<Janine.Grouette@gov.bc.ca<<mailto:Janine.Grouette@gov.bc.ca>>
>

To: "Martiniuk, Daryn AVED:EX"
<Daryn.Martiniuk@gov.bc.ca<<mailto:Daryn.Martiniuk@gov.bc.ca>>
>>

Cc: "Pleva, Steve W FIN:EX"
<Steve.Pleva@gov.bc.ca<<mailto:Steve.Pleva@gov.bc.ca>>>

Subject: Appendix A -Student Loan Interest Elimination Budget
Lift request

Hi Daryn and Steve,

Inserted is the current content from the Ministry of Finance for
“Appendix A – Budget 2018 Key Priorities Ministry Request
Template”

with ‘NTD – Notes To draft’ for AEST consideration and
additional content.

I’ve assembled a few other important documents that I hope will
help you in the assembly of the additional content given the tight
timeframe for this request. They are:

1. The BC Green-BC NDP Agreement May 29, 2017

See page 10 for the content related to the interest rate elimination:

Recognize that education is about lifelong learning and make post-
secondary education

more accessible and affordable.

i. Restore funding to Adult Basic Education and English language
learning.

ii. Implement an agreed upon approach to improving access and
reducing the cost of post-secondary education for students.

iii. Allocate funding for in-service skills training for workers in
small and medium-sized enterprises, and for retraining for those
displaced by automation or changing markets.

2. The NDP Platform-2017

See the following pages for the excerpt with respect to the interest
rate elimination:

MAKING YOUR LIFE MORE AFFORDABLE

Eliminate interest on student loans and provide students a \$1,000

completion grant

Page 6: Our plan will eliminate interest on student loans and provide students a \$1,000 completion grant

Page 13: We'll also take steps to help former students saddled with massive debt because of the BC Liberals' tuition fee increases, as they work to pay down their debt and get a good start in life.

>> We will make life more affordable for people just starting their careers by making all current and future BC student loans interest free.

STUDENT DEBT SOARS UNDER CHRISTY CLARK

BC's average student debt load is the highest in Canada at \$35,000. The national average is \$27,000. (Bank of Montreal annual student survey).

Page 34: Making post-secondary education more affordable

After years of BC Liberals making it harder to get education and skills training, we'll keep a cap on tuition fee increases and make sure low and middle income students have access to the assistance they need to get the education they want.

>> We will make student loans interest free—current and future.

3. The AEST Minister's Mandate Letter

See page 2 for the except with respect to the interest rate elimination:

Reduce the financial burden on students by eliminating interest on B.C. government student loans and establish a \$1,000 completion grant program to provide debt relief to B.C. graduates.

Also inserted is our request for the Chief Actuary that supports our request for a 3 year provision estimate that may change the Budget Lift within this Appendix A. I recommend attaching it as support to the submission.

Happy Thanksgiving to you both!

Janine

Janine Grouette, CPA, CMA

Director StudentAid BC Finance and Contract Governance

Revenue Solutions Branch, Ministry of Finance

1810 Blanshard Street, Victoria, BC

Office: 250-387-1199

Cell: 250-216-0894

[SK1]Hoping FIN can do, or has done, the math on that.

Oaten, Jeremy AEST:EX

From: Wolsey, Ashley AEST:EX
Sent: Tuesday, October 24, 2017 1:12 PM
To: Butler, Teresa MCF:EX; Karim, Susan AEST:EX
Cc: Beattie, Michelle AEST:EX; Martiniuk, Daryn SDPR:EX; Barnes, Kristin AEST:EX
Subject: FW: 02 - Eliminate Student Loan Interest and Establish Completion Grant_SSB Edits 16 Oct 2017
Attachments: 02 - Eliminate Student Loan Interest and Establish Completion Grant_SSB Edits 16 Oct 2017.docx

Hi –please see our updates, approved by Jeff.

Thanks!

Title: Eliminate Student loan Interest and Establish a Completion Grant

Issue: Mandate letter commitment – Student Financial Assistance, to eliminate student loan interest and establish a completion grant

Key Messages:

- One of the issues facing post-secondary education graduates that I heard from students on my recent tour of our post-secondary institutions is the impact of student debt.
- Since taking office, our government has already taken steps to improve affordability by:
 - Making adult basic education and English language training programs tuition free;
 - Expanding the tuition waiver program for former youth in care to all 25 public post-secondary institutions; and
 - Decreasing the interest rate on B.C. student loans from Prime +2.5% to Prime for more than 200,000 British Columbians. We are continuing the necessary work in order to completely eliminate interest on provincial student loans.
- In 2016/17, StudentAid BC provided more than \$30M in completion grant funding, supporting over 22,000 students. The ministry is exploring options for establishing a \$1,000 completion grant so students can thrive as they pursue their dreams.

Background/Status:

- The July 2017 AEST Minister Mandate letter lists as priorities the elimination of student loan interest as well as the establishment of a \$1,000 completion grant program, to provide debt relief to BC graduates.
- The reduced provincial interest rate for B.C. student loans will benefit approximately 200,000 people as well as future borrowers.
- The Ministry is currently developing policy/program options for this new completion grant, including assessing key considerations such as program delivery model, program eligibility, and program timing.
- Depending on how it is developed and implemented, the new AEST Completion Grant could be situated within the landscape of current StudentAid BC loan forgiveness programs.
- In 2016/17, B.C. provided more than \$30M to students successfully completing their studies through two unique completion grants:
 - BC Completion Grant – reduces student loan debt based on successful completion of year of studies.
 - BC Completion Grant for Graduates – reduces student debt based on successful completion of programs supporting in demand occupations.

Oaten, Jeremy AEST:EX

From: Wolsey, Ashley AEST:EX
Sent: Tuesday, October 24, 2017 1:12 PM
To: Butler, Teresa MCF:EX; Karim, Susan AEST:EX
Cc: Beattie, Michelle AEST:EX; Martiniuk, Daryn SDPR:EX; Barnes, Kristin AEST:EX
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Hi –please see our updates, approved by Jeff.

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 - Expanding the tuition waiver program for former youth in care to all 25 public post-secondary institutions; and
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- We are continuing the necessary work in order to completely eliminate interest on provincial student loans.
- ~~and introduce a \$1,000 Completion Grant so students can thrive as they pursue their dreams. In 2016/17, StudentAid BC provided more than \$30M in completion grant funding, supporting over 22,000 students. We are continuing to explore options for establishing a~~
\$1,000 completion grant so students can thrive as they pursue their dreams.

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Aligned at: 0.63 cm + Indent at: 1.27
cm

Background/Status:

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- The reduced provincial interest rate for B.C. student loans will benefit approximately 200,000 people as well as future borrowers.
- The Ministry is currently developing policy/program options for this new completion grant, including assessing key considerations such as program delivery model, program eligibility, and program timing.
- Depending on how it is developed and implemented, the new AEST Completion Grant could be situated within the landscape of current StudentAid BC loan forgiveness programs.

Contact: Daryn Martiniuk Executive Director

Student Services Branch

250-213-3973

Last Updated: ~~February 26, 2018~~ October 16, 2017

Page 1 of 2



- In 2016/17, B.C. provided more than \$30M to students successfully completing their studies through two unique completion grants:
 - BC Completion Grant – reduces student loan debt based on successful completion of year of studies.
 - BC Completion Grant for Graduates – reduces student debt based on successful completion of programs supporting in demand occupations.

Oaten, Jeremy AEST:EX

From: Grouette, Janine FIN:EX
Sent: Thursday, October 26, 2017 1:54 PM
To: Karim, Susan AEST:EX
Cc: He, Kina FIN:EX; Soo, Rosilyn L AEST:EX
Subject: RE: Estimates Note - Interest Rate_RS reviewed no chgs
Attachments: Estimates Note - Interest Rate_RS reviewed no chgs_FIN changes included.docx

Hi Susan

We have updated and I've provided a few other edits for your consideration.

Can I please have a copy of the final version when it lands.

Thanks,

Janine

Janine Grouette, CPA, CMA

Director StudentAid BC Finance and Contract Governance

Revenue Solutions Branch, Ministry of Finance

1810 Blanshard Street, Victoria, BC

Office: 778-698-5231

Cell: 250-216-0894

From: Karim, Susan AEST:EX
Sent: Wednesday, October 25, 2017 4:06 PM
To: Grouette, Janine FIN:EX; He, Kina FIN:EX
Subject: Estimates Note - Interest Rate_RS reviewed no chgs

Hi Janine and Kina.

Could you please review the figures in our Estimates note on interest reduction before I send it up to Daryn? Given the time sensitivity, it would be great to get it back from you as soon as possible.

Thanks in advance for your time.

Susan

Susan Karim, M.Ed. | Senior Policy Analyst

Program Policy and Communications, Student Services Branch

B.C. Ministry of Advanced Education, Skills and Training

(250) 952-7494



Title: Reduction in B.C. Student Loan Interest Rate

Issue: The B.C. student loan interest rate was decreased subsequent to a Mandate Commitment.

Key Messages:

- The 2017 Mandate Letter for the Honourable Minister Melanie Mark prioritizes the elimination of student loan interest to provide debt relief to B.C. graduates.
- To this end, the interest rate on B.C. student loans was reduced from prime + 2.5% to prime, effective August 1, 2017.
- The current provincial interest rates reduction impacts approximately 200,000 current borrowers, as well as future provincial student loan borrowers once they enter into repayment of their ~~for~~ loans.
- This is in keeping with the government's commitment to make life more affordable by working toward eliminating interest on B.C. student loans.

Background/Status:

- Effective August 1, 2017, interest is charged ~~on~~^{to} all B.C. student loans managed by the Province at the floating rate of prime, which is currently ~~2.953.2%~~.
- Prior to the August 1, 2017, B.C. had ~~at~~ student loan floating interest rates at prime ~~(of 2.95%)~~ plus 2.5% and a fixed interest rate of prime plus 5% which mirrored the federal rates.
- ~~The B.C. provincial student loan interest rates had historically mirrored the federal rates.~~
- With the reduction of all interest rates charged on B.C. provincial student loans to prime, there is no longer a need for a fixed rate option in our province, as both rates are now the same and students have the option of adjusting their repayment term according to their budgetary needs in the floating rate option.
- Interest does not accrue on B.C. student loans while a borrower is attending school. Repayment begins six months after the borrower is no longer enrolled in study. At this point in time, the interest from the six month non-payment (grace) period can either be paid in full by the borrower or is ~~capitalized-added to their total loan balance (capitalized).~~
- The interest revenue received from students during their repayment periods does not cover the full cost of ~~government provincial~~ student loans.
- The cost of borrowing spent on B.C. student loans in-study is approximately \$13.4 million in 2016/17 for about 49,000 students.
- A reduction of the interest rate to prime on August 1, 2017 represents approximately ~~\$9.91012~~ million in foregone revenue for the remaining portion of fiscal year 2017/18 and approximately \$14.8million annually.

s.13

Contact: <Name> <Position> <Branch> <Phone>

Last Updated: ~~February 26, 2018~~ ~~October 26, 2017~~ ~~October 25, 2017~~



• s.13

s.13

- Government has expressed a commitment to ultimately reduce the interest rate on B.C. student loans to zero.
- Indeed, the 2017 Mandate Letter for the Honourable Minister Melanie Mark included a commitment to “reduce the financial burden on students by eliminating interest on B.C. government student loans [...]”.

• s.13

Contact: <Name> <Position> <Branch> <Phone>

Last Updated: February 26, 2018 ~~October 26, 2017~~ ~~October 25, 2017~~

Oaten, Jeremy AEST:EX

From: Soo, Rosilyn L AEST:EX
Sent: Tuesday, February 13, 2018 2:14 PM
To: Barnes, Kristin AEST:EX
Subject: FW: confirmation needed (for AED-2018-80469)

I was cc'ed on this email between Ministry of Finance – Revenue Solutions Branch and AEST-SSB.

For the above call for records.

From: He, Kina FIN:EX
Sent: Friday, November 24, 2017 1:14 PM
To: Martiniuk, Daryn AEST:EX; Grouette, Janine FIN:EX
Cc: Soo, Rosilyn L AEST:EX
Subject: RE: confirmation needed

It's before bad debt expense saving. Here is the number net of bad debt.

(\$ millions)	Annual impact
Revenue (decrease/(increase))	
STOB 46/90	s.13
Expenditure (increase/(decrease))	
STOB 85 - interest rate reduction	(2.2)
Impact on the Fiscal Plan	12.6

Kina He
Program Financial Manager
StudentAid BC Finance and Contract Governance
Ministry of Finance - Revenue Solutions Branch
Phone: 778-698-5245 Email:kina.he@gov.bc.ca

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From: Martiniuk, Daryn AEST:EX
Sent: Friday, November 24, 2017 1:11 PM
To: He, Kina FIN:EX; Grouette, Janine FIN:EX
Cc: Soo, Rosilyn L AEST:EX
Subject: RE: confirmation needed

Thx.

Is this net of Bad-debt savings?

dm

From: He, Kina FIN:EX
Sent: Friday, November 24, 2017 1:10 PM
To: Grouette, Janine FIN:EX
Cc: Martiniuk, Daryn AEST:EX
Subject: RE: confirmation needed

Hi Janine and Daryn,

s.13

Thanks.

Kina He
Program Financial Manager
StudentAid BC Finance and Contract Governance
Ministry of Finance - Revenue Solutions Branch
Phone: 778-698-5245 Email:kina.he@gov.bc.ca

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From: Grouette, Janine FIN:EX
Sent: Friday, November 24, 2017 12:59 PM
To: He, Kina FIN:EX
Cc: Martiniuk, Daryn AEST:EX
Subject: confirmation needed
Importance: High

Kina – Daryn needs this confirmation please – also IM him
can you please confirm that this is still accurate...

The annualized reduction in interest revenue is ~\$15.8M per year? This is for the change to prime

Janine Grouette, CPA, CMA
Director StudentAid BC Finance and Contract Governance
Revenue Solutions Branch, Ministry of Finance

1810 Blanshard Street, Victoria, BC
Office: 778-698-5231
Cell: 250-216-0894

Page 39 to/à Page 41

Withheld pursuant to/removed as

NR