

Grant program gets smaller cheques to more students

'Difficult times' spur Tories to boost back-to-school funding

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The Conservative government is aligning itself with the back-to-school crowd as the grim job market triggers a spike in college and university applications.

The suburban Ottawa campus of Algonquin College was nearly deserted as Diane Finley, the Minister for Human Resources and Skills Development, held a news conference launching her government's new Canada Student Loans and Grants Program.

Officials have been working with student groups on the details since the program was announced more than a year ago in the 2008 budget. This is the first summer that students can apply for the new grant program, which replaces the Millennium Scholarship Foundation, created by the former Liberal government as a legacy of former prime minister Jean Chrétien.

Under the new program, each year about 245,000 college and university students would qualify for grants that do not have to be repaid.

That would be an increase of more than 100,000 students when compared to the previous program, but the individual awards of up to \$2,000 for eight months of study will be lower.

The government is also updating a federal program for low-income Canadians struggling to repay federal student loans. Payments will be calculated based on family income rather than how much is owed, and the maximum repayment period for a loan will not exceed 15 years.

Ms. Finley said her announcement was intended to get the word out so that low-income Canadians know they have options, particularly during a recession.

"I think in these difficult times, this may be a good opportunity for students to take advantage of these two new programs," she said.

Two of Canada's main student groups - the Canadian Federation of Students and the Canadian Alliance of Student Associations - said the new programs come at a good time given that recent high school graduates face grim job prospects unless they sign up for higher education.

But Alex Usher, a consultant with Toronto-based Educational Policy Institute, said the revised program does not include additional money for students and is an attempt to distribute existing funds differently.

The unanswered question, he said, is whether this change will encourage more students to enroll in college or university. "I suspect that it will not have the effect on access that they think it will, but spreading money around more is likely to be politically popular," he said.

Pollster Nik Nanos, president of Nanos Research, said he sees a clear political dimension in having a

Conservative minister discussing student loan issues during a recession.

"This is part of a broader narrative of the government trying to reach out to middle-class families, which they tend to be quite focused on," he said, noting that recessions historically push Canadians into education programs.

"If you think of this in terms of what I'll say 'the Tim Hortons' demographic, this is tailor-made for that," Mr. Nanos said. "What the Conservatives are trying to do is get ahead of behaviour they know is going to happen."

The Council of Ontario Universities has said 2009 applications are the second-highest on record, and Ontario's 24 colleges are reporting an 8.5 per cent spike.

The average grant handed out in previous years by the Canadian Millennium Scholarship Foundation was \$3,000, distributed to about 120,000 students each year. The foundation also provided 3,000 scholarships based on merit, which will not be replaced under the new federal program.

The move to new monthly payments approved at the beginning of a school year has been characterized by the government as a more effective way of encouraging students to go on to college and university because of its predictability. Previously, students received one payment.