

## EMPLOYMENT AND SOCIAL DEVELOPMENT CANADA DETAILED ACTION PLAN

to the recommendations of the Office of the Auditor General Performance Audit of *Student Financial Assistance* of the Spring 2020 Reports of the Auditor General of Canada

Report Ref. No.	OAG Recommendation	Management Response	Description of Final Expected Outcome/ Result	Expected Final Completion Date	Key Interim Milestones (Description/Dates)	Responsible Organization/ Point of Contact (Name, Position, Tel #)	Indicator of Achievement  (For PACP Committee Use Only)	
	<b><i>OAG's recommendations cannot be copied below until the audit report is tabled / posted.</i></b>	<b><i>The departmental Management Response (MR) will be included in the OAG's audit report that is tabled to Parliament and posted on the OAG's website. The response must clearly indicate, in no more than 200 words, whether the entity agrees or disagrees with the recommendation. If entity agrees, the response should describe specific actions it intends to take and their timing. If entity disagrees, the response should state the reasons.</i></b>	<b><i>The action plan will be provided to the Public Accounts Committee (PACP) within six months of the audit being tabled, or when feasible, prior to the hearing, should the organization be invited to appear before PACP to discuss the findings of an audit.</i></b>  <b><i>The detailed action plan will be published on the PACP's website.</i></b>					
Para 2.26	<b>To maximise repayment of student loans, Employment and Social Development Canada should ensure proper, systematic verification of applications to participate in the Repayment Assistance Plan.</b>	<p><b>Agreed.</b> The Repayment Assistance Plan's objective is to provide relief to persons with employment difficulty or who face sudden income or family composition changes (such as a lost job or a newborn). This is why eligibility is based on previous month's income and family composition. The Office of the Auditor General of Canada refers to provinces' use of the Canada Revenue Agency's annual tax data for student financial assistance. However, annual income information would not identify sudden financial hardship affecting plan applicants.</p> <p>Employment and Social Development Canada has a systematic, sample-based income-verification process. The department acknowledges that plan verification has challenges, specifically for applicants who report zero income in the preceding monthly period (approximately 20% of applicants) and for family composition. Work is underway to enhance verification using the Canada Revenue Agency's data. The department has engaged partners on more robust plan-verification methods. An information-sharing agreement, expected to be in place by spring 2021, will allow verification of income and family composition data against the agency's tax data during the application process while maintaining current systematic sampling practices.</p>	Enhanced verification of income reported on RAP applications via CRA income tax information	March 2022	<p>Finalization of ISA with CRA – March 2021</p> <p>Completion of Service Provider, CRA and provincial/territorial participating jurisdiction system modifications and testing – December 2021</p> <p>Systematic verification of income on RAP applications – March 2022</p>	Alexis Conrad, Assistant Deputy Minister, Learning Branch, 819-654-8448		

Report Ref. No.	OAG Recommendation	Management Response	Description of Final Expected Outcome/ Result	Expected Final Completion Date	Key Interim Milestones (Description/Dates)	Responsible Organization/ Point of Contact (Name, Position, Tel #)	Indicator of Achievement (For PACP Committee Use Only)
<p>Para 2.32</p>	<p><b>Employment and Social Development Canada should develop performance indicators that take into account the full impact of the Repayment Assistance Plan on the non-repayment of student loans.</b></p>	<p><b>Agreed.</b> Employment and Social Development Canada reports to Parliament on all program expenses, which include write-offs (resulting mostly from student loan default) and the cost of the Repayment Assistance Plan, through Public Accounts. This information, in more detail, is also included in the Canada Student Loans Program's annual report. Furthermore, each year, the Office of the Chief Actuary prepares a 25-year forecast of all program costs and revenues. The report is published annually and tabled in Parliament every 3 years.</p> <p>Write-offs are a loss to the public purse, which the department continuously strives to reduce. The department believes the 3-year default rate reported to Parliament is an appropriate performance indicator to demonstrate and track this loss. However, the Repayment Assistance Plan is a program benefit to Canadians, and program expenditures are based on the parameters approved by Parliament.</p> <p>Given the diverging program objectives of decreasing the write-off losses and increasing the use of the plan by eligible Canadians, a combined performance indicator would not provide an accurate picture of the repayment cost. However, in fall 2020, the department will work with the Office of the Chief Actuary on the development of an appropriate, but separate, indicator for the plan.</p>	<p>Regular reporting to Parliament on non-repayment of student loans</p>	<p>December 2020</p>	<p>Explore possibility of the development of a separate indicator for RAP expense – December 2020</p>	<p>Alexis Conrad, Assistant Deputy Minister, Learning Branch, 819-654-8448</p>	
<p>Para 2.35</p>	<p><b>To prompt borrowers to be more diligent about repaying their student debt, Employment and Social Development Canada should inform credit bureaus about student debts in default.</b></p>	<p>Agreed. In accordance with the provisions of the contract with the Government of Canada, the service provider currently reports regularly to credit bureaus on loans they administer. This reporting is done before a borrower is in default and remains on the borrower's credit record for approximately 6 years. However, once the loan is in default and is transferred to the Canada Revenue Agency for collections, no further reporting is done. Employment and Social Development Canada is developing a process for credit bureau reporting on loans in collections, by fall 2022, as part of ongoing program enhancements.</p>	<p>Reporting loans in collections to credit bureaus</p>	<p>December 2022</p>	<p>Roll-out of new ESDC Accounts Receivable System (PSCD) – April 2020</p> <p>Revision of student loan agreement with borrowers to receive their consent – December 2021</p>	<p>Mark Perlman Chief Financial Officer, Chief Financial Officer Branch, 819-654-6634</p> <p>Alexis Conrad,</p>	

Report Ref. No.	OAG Recommendation	Management Response	Description of Final Expected Outcome/ Result	Expected Final Completion Date	Key Interim Milestones (Description/Dates)	Responsible Organization/ Point of Contact (Name, Position, Tel #)	Indicator of Achievement (For PACP Committee Use Only)
		<p>With respect to the department's contract with the service provider, the contract has been properly managed. The contract began in 2006, and the Repayment Assistance Plan was introduced in 2009, 3 years later. Although the contract had set performance targets for default before the plan was introduced, the department ensured that the service provider used targeted measures to reduce the default rates. A new contract is currently operational and includes processes to re-baseline default targets to ensure incentive targets are aligned with current realities. Targets will be revisited on an ongoing basis to demonstrate improvement in default rates and will be appropriately challenging and account for program or policy changes.</p>			<p>Implement credit bureau reporting functionality in PSCD via system release – September 2022</p> <p>Establish information exchange mechanism with the credit bureaus – December 2022</p> <p>Begin credit bureau reporting – December 2022</p>	<p>Assistant Deputy Minister, Learning Branch, 819-654-8448</p>	
<p>Para 2.40</p>	<p><b>As soon as possible, Employment and Social Development Canada, in collaboration with the Financial Consumer Agency of Canada, should</b></p> <ul style="list-style-type: none"> <li><b>make available on the web portal of the National Student Loans Service Centre all the financial information needed by loan recipients in the Canada Student Loans Program</b></li> <li><b>consult with stakeholders about the costs and benefits of mandatory training for student loan applicants before loans are provided and for student loan recipients who</b></li> </ul>	<p><b>Agreed.</b> On the basis of its collaborative work with the Financial Consumer Agency of Canada, Employment and Social Development Canada established an overall financial literacy plan in 2017 as part of its transition to an electronic service delivery model. The department is also continuing the implementation of the multi-year plan to enhance financial literacy tools on the National Student Loans Service Centre web portal. A virtual repayment counsellor was launched in November 2019, which provides borrowers with necessary information on their student loan, including repayment options to help support them.</p> <p>The Department will continue to work with the agency to implement additional financial literacy tools as part of this plan. ESDC will also consult with provincial and territorial student aid programs as well as external stakeholders, by fall 2021, regarding the costs and benefits of mandatory counselling to determine feasibility and value.</p>	<p><b>Part 1:</b> Launch of additional financial literacy features on NSLSC portal</p> <p><b>Part 2:</b> CSLP to consult stakeholders on the development of a mandatory financial literacy course</p>	<p><b>Part 1:</b> March 2021</p> <p><b>Part 2:</b> Fall 2021</p>	<p><b>Part 1:</b> Launch of additional financial literacy content and communications – March 2021</p> <p><b>Part 2:</b> Consultation with provincial and territorial partners – December 2020</p> <p>Consult external stakeholders – March 2021</p> <p>ESDC to gather input received and conduct analysis, including costs and benefits – September 2021</p>	<p>Alexis Conrad, Assistant Deputy Minister, Learning Branch, 819-654-8448</p>	

Report Ref. No.	OAG Recommendation	Management Response	Description of Final Expected Outcome/ Result	Expected Final Completion Date	Key Interim Milestones (Description/Dates)	Responsible Organization/ Point of Contact (Name, Position, Tel #)	Indicator of Achievement (For PACP Committee Use Only)
	abandon or complete their studies						
Para 2.48	<p><b>Employment and Social Development Canada should consider undertaking a thorough evaluation of both of the federal student financial assistance programs to, among other things,</b></p> <ul style="list-style-type: none"> <li>• <b>further assess the reasons for student loan non-repayment in order to develop appropriate solutions</b></li> <li>• <b>evaluate the impact of the Canada Education Savings Program on participation in and completion of post-secondary education and on the Canada Student Loans Program</b></li> <li>• <b>understand why there is low participation in the Canada Education Savings Program</b></li> </ul>	<p><b>Agreed.</b> Employment and Social Development Canada is committed to producing analysis, reports, and evaluations on federal student financial assistance programs.</p> <p>The department continuously looks at new opportunities to study the impact of student financial assistance programs. For example, a research project will use newly linked survey and administrative data by Statistics Canada to assess interactions between the Canada Student Loans Program (CSLP) and the Canada Education Savings Program (CESP), and the impact of the CESP on post-secondary education outcomes.</p> <p>Until now, the data required to study the full impact of the CESP on post-secondary education participation was not available, given the first full youth cohort who was eligible for all program components reached maturity only in 2017. The department plans to start an in-depth CESP evaluation in spring 2020 to assess the interactions of the CESP and the CSLP and the unique contribution of the CESP on post-secondary education participation and completion.</p> <p>The department will incorporate relevant questions pertaining to non-repayment of student loans in a future program evaluation, which is planned to start in spring 2022.</p>	<p>Whenever possible, CESP impact analysis on PSE participation and on CSLP is done through the newly linked data</p>	<p><b>CESP research project:</b> April 2022</p> <p><b>Evaluation</b> : June 2022</p>	<p><b>CESP research project</b></p> <p>Validation of data linkages for the Education and Labour Market Longitudinal Platform (ELMLP) – January 2020</p> <p>Results tables and analysis - September 2020</p> <p>Program officials and Evaluation staff will examine administrative CESP data, including data from the ELMLP – April 2020</p> <p><b>Evaluation</b></p> <p>A feasibility study on the CESP impacts will be produced – November 2020</p> <p>ESDC plans to commence an evaluation on the CSLP – June 2022</p>	<p>Alexis Conrad, Assistant Deputy Minister, Learning Branch, 819-654-8448</p> <p>Catherine Adam, Senior Assistant Deputy Minister, Strategic and Service Policy Branch, 819-654-2992</p>	