

Ottawa considers loan de-designation

By ERIN FITZPATRICK

OTTAWA (CUP) — Students enrolled in college and university programs that bear a high loan default rate may become ineligible for Canada Student Loans under a policy proposal being bandied around Ottawa.

Human Resources and Development Canada last December released a discussion paper on the proposal -- commonly known as de-designation -- at a national stakeholders conference on student assistance.

Under de-designation, programs would become ineligible for student loans if they have loan default levels above the national average. That is, if an unusually high number of students graduating from a certain program didn't pay back their student loans, future students registering for the program wouldn't be able to get loans at all.

The idea is that government should stop spending money on programs that don't prepare students for the job market, says Thomas Townsend, director general of learning and literacy with Human Resources and Development Canada.

"If the quality of the post-secondary education you're receiving doesn't relate to the labour market . . . If those programs aren't good, current, of high quality, then people incur the debts and don't get the benefits of that education," Townsend said.

"Nobody wants to deny students access, but the government's got a lot of money riding on [the default] question and we need to look at what the best way to solve it is... Default rates can show us which programs might need improvement."

But Townsend adds de-designation is only one option the federal government is considering as a way to tackle the loan default problem, and there's no guarantee it will become policy.

Still, some students, like Ashkon Hashemi, of the Canadian Federation of Students, say Ottawa is wrong to associate quality of education with labour market results.

"There are many reasons why we should allow a choice of programs, and getting a job is only one of them," Hashemi said. "There is merit in getting an education. De-designation says that university is only about getting a job, and turns post-secondary education into a kind of crass job-training project."

Hashemi also says de-designation doesn't address the real problem of why students default on their loans in the first place.

"I have a huge problem with using default rates to gage a program's effectiveness," he said. "First and foremost, defaults are an indication of the huge debt loads students face. These [debts] can't be paid back even with a job. Default is a symptom of the larger

debt problem. We should be dealing with the cause and not the symptoms."

Student groups aren't the only ones worried about how de-designation could change the face of post-secondary education.

Robert Best, of the Association of Universities and Colleges Canada, says he fears de-designation will turn public education into a conservative, cautious enterprise.


"One possible outcome [of de-designation] is that public institutions would fear taking risks with non-traditional students because of a fear that these students might have higher default levels," Best said. "So government has to be very careful that they don't put incentives in place for institutions to become very conservative about those things."

The de-designation

debate is only one part of ongoing negotiations between Ottawa, the provincial governments and banks to come up with a new risk-sharing agreement on student loans.

Policies similar to de-designation already exist in Alberta, and are set to begin in Ontario this September. In Alberta only private hairstyling and truck driving schools have been affected so far.

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