Policy Statement

UCGSA.03 Financial Aid and Student Loans

Policy ID: **UCGSA.03**	Adopted: **Dec. 2023**
Category: **Accessibility**	Last Reviewed: **July. 2025**
Jurisdiction: **Provincial**	

GSA Principles

The Graduate Students' Association of the University of Calgary believes in creating an educational experience that is engaging, fulfilling, and accessible to all.

Concerns

The Structure of Student Financial Aid in Alberta

Student financial aid refers to programs—typically run by governments or post-secondary institutions—that provide targeted assistance to students of low economic means. Financial aid programs are intended to take only income levels into account when determining who can and cannot access financial aid: students whose household income is low enough that they cannot afford tuition, or who may be at risk of falling into poverty because of education-related expenses, would automatically qualify for student aid in most Canadian jurisdictions. This distinguishes financial aid from competitive scholarships and grants, where the eligibility requirements typically involve meeting academic performance or research-related standards.

There are both federally and provincially funded student assistance programs in Canada. Provincial programs in Alberta fall under the umbrella of *Alberta Student Aid*, who set the eligibility requirements[1] and types[2] of aid for Albertan students. Funding is derived from the Ministry of Advanced Education's annual budget.[3] There are also two sources of student financial aid: **repayable** and **non-repayable.** Repayable sources of aid require recipients to pay back a portion of their assistance. Non-repayable sources of student aid, by contrast, do not include this requirement.

Student loans are the most common form of repayable financial assistance, as recipients must pay back their loans in regular installments. Students can also be charged *interest payments*—at either a fixed or variable rate—which accrue until the full value of the loan has been repaid; the interest rate is expressed as the *prime rate* (i.e., the interest rate that banks charge the most creditworthy customers)

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[1] https://studentaid.alberta.ca/policy/student-aid-policy-manual/eligibility-for-student-loans-and-grants/student-eligibility/

[2] https://studentaid.alberta.ca/types-of-funding/types-of-full-time-student-aid/.

[3] Ministry of Advanced Education, "Annual Report: Advanced Education, 2021-2022" § (2022), pg. 55.

plus any addition percentage a province wishes to charge. The federal government,[4] and six provinces,[5] do not charge any interest on student loans ***(Fig.1.)***.

Fig.1. Student Loan Interest Rates Across Canada.[6,7,8,9]

Region	Variable Rate	Fixed Rate
Alberta	***Prime***	***Prime***
Ontario	Prime +1%	N/A
Quebec	Prime +0.5%	Prime +0.5%
Saskatchewan	Prime	Prime + 2.5%
British Columbia	0%	0%
Manitoba	0%	0%
Nova Scotia	0%	0%
New Brunswick	0%	0%
Prince Edward Island	0%	0%
Newfoundland & Labrador	0%	0%
Canada	0%	0%

Non-repayable financial aid typically takes the form of needs-based grants and scholarships. Alberta has **three** categories of non-repayable financial aid:[10]

- Grants;
- Scholarships and Awards; and
- The Alberta Heritage Scholarship.

As ***Fig.1.*** above shows, Alberta is one of a minority of provinces that still have interest on the provincial portion of their student loans. As of 2023, Albertan students pay the prime rate on both fixed and variable rates; for students on a fixed rate *pre*-2023, they will be paying the prime rate plus 2%, which is second highest next to Saskatchewan.

Albertan students also disproportionately rely on loans as a source of student aid relative to the rest of Canada: according to data collected by Abacus Data, on behalf of the Canadian Alliance of Student Associations (CASA), 12.6% of Albertan students relied on government loans compared to 10% for the

[4] https://www.canada.ca/en/employment-social-development/news/2023/03/government-of-canada-provides-interest-free-loans-for-students-effective-april1.html
[5] https://www.csnpe-nslsc.canada.ca/en/glossary
[6] https://studentaid.alberta.ca/resources/repayment-essentials/interest-rates-for-student-loans-repayment/interest-rates/
[7] https://www.quebec.ca/en/education/student-financial-assistance/repayment/repaying-student-loan
[8] https://www.saskatchewan.ca/residents/education-and-learning/saskatchewan-student-aid/student-loans-and-grants/apply-for-student-aid
[9] https://www.csnpe-nslsc.canada.ca/en/glossary
[10] Ministry of Advanced Education, "Annual Report: Advanced Education, 2021-2022" § (2022), pg. 55.

national average.[11] Similarly, *Higher Education Strategy Associates* found that from 2011 to 2020, the Albertan government's spending on financial aid was overwhelmingly directed to the issuing of student loans, compared to the national average.[12]

What this means is that a greater proportion of Albertan students will have their wages garnished due to their education than students in other provinces, as loans are overwhelmingly the primary government-funded means for students to finance their education. This is why being one of a minority of jurisdictions with interest on student loans remains an issue, even if Alberta's interest rate is not the highest in the country. More students will be accumulating interest-related debt than in other jurisdictions, which means more graduate students will be paying back their loans over the course of finding a job, starting a career, and (as we explain later in the policy statement) beginning a family than other jurisdictions. In an era where each province's post-secondary systems must compete with one another for top-quality graduate student talent, this long-term cost relative to other jurisdictions may be a drag on our system's competitiveness.

While Alberta's financial aid system prioritizes loans over non-repayable grants and scholarships, Albertan students still require high levels of non-repayable financial aid to complete their studies. 7.6% of Albertan students rely on government grants—third highest in Canada—and have the highest reliance on other scholarships and grants (i.e., financial aid from sources other than the provincial government) at 7.8%.[13] Alberta's disproportionate reliance on student loans thus cannot be explained by assuming that Albertan students simply prefer loans to non-repayable grants and scholarships, nor that Albertan students have a lower demand for financial aid than other provinces.

Additionally, as **Fig.2.** below shows, Albertan graduate students have significantly higher debt levels than our counterparts in the rest of Canada, according to Statistics Canada's latest dataset (StatsCan collects data on average student loan debt every five years). A significantly larger percentage of master's students have "large" levels of debt—over $30,000 in outstanding loan debt—than other provinces or the Canadian average. Indeed, Albertan master's students are the only ones in Canada where a majority have "high" levels of debt. Over 60% of PhD students in Alberta and British Columbia have high levels of loan-related debt. Finally, significantly fewer Albertan graduate students had paid off their student loans by the time of StatsCan's survey: **75% of master's and 80% of PhD's still had outstanding debt, comparted to a Canadian average of 66% and 70%, respectively.**

As such, three stylized facts can be derived from this data:

1. Albertan students access student aid at a far higher rate than students in other provinces;
2. The structure of the Albertan Student Financial Aid System is skewed towards providing loans rather than non-repayable grants and scholarships;
3. More Albertan students will experience student aid-related debt than students in other provinces, and these debt levels will be deeper than their counterparts elsewhere as well.

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[11] Potts, T. 2023. "External Backgrounder: Abacus Data Results Policy Package for Alberta," *Canadian Alliance of Student Associations*. Data collected in July 2023, n=1,500, MOE +/- 3.1% 19 times out of 20.
[12] Usher, A. and MacLennan, T. 2022. "Alberta in a Nutshell," *Higher Education Strategy Associates*. Retrieved from: https://higheredstrategy.com/alberta-in-a-nutshell/.
[13] Potts, T. 2023. "External Backgrounder: Abacus Data Results Policy Package for Alberta," *Canadian Alliance of Student Associations*. Data collected in July 2023, n=1,500, MOE +/- 3.1% 19 times out of 20.

The discussion below provides evidence that the provincial government has underinvested in non-repayable sources of financial aid and unreasonably relied upon student loans, a policy which risks *hurting* rather than *helping* post-secondary students. And given the importance of the post-secondary system for innovation and economic dynamism more broadly, this structural bias in the financial aid system risks hurting Albertans *of all backgrounds and education levels*, too.

Fig.2. Average Student Loan Debt Statistics (2020)[14]

Province	Master's	PhD	% of master's/PhDs with "Large" debt (+$30,000)	% with debt who paid it off by interview
Quebec	$14,900	$24,100	10/32	34%/22%
Ontario	$27,700	$33,300	42/47	39%/38%
Manitoba	$25,400	$15,600*	40/x	21%/45%*
Saskatchewan	$29,500	$38,700*	42/50	26%/--
Alberta	*$33,900*	*$48,900*	*57/61*	*25%/20%*
BC	$30,300	$43,200	42/62	26%/26%
Canada	$33,000	$38,200	34/44	34%/30%

Current Trend: Government Cuts to Non-Repayable Student Aid

There are **three** factors that determine whether funding for non-repayable student financial aid keeps Alberta's post-secondary system accessible to all:

1. Enrollment numbers;
2. Tuition expenses; and
3. Cost of living

According to the Government of Alberta's data, the number of students enrolled in a master's or doctoral degree has increased **14.8%** from 2019 to 2024, the latest date with data (see **Fig.3.** for more). StatCan data shows that the average graduate student tuition in the province has increased **11.1%** since 2019 as well, in nominal terms (adjusted for inflation, it has dropped 12.3%; see **Fig.4.** for more). Finally, Alberta's cost of living has increased year over year as well, with Calgary and Alberta more broadly having the highest inflation rate in the country at certain points in 2024.[15] With all three numbers increasing (when using nominal tuition dollars; it is two out of three increasing when average tuition is adjusted for inflation), then funding for non-repayable student financial aid would have to have increased substantially from 2019 as well, in order to ensure that students in financial need can access graduate school.

[14] Government of Canada, Statistics Canada, "Student Debt from All Sources, by Province of Study and Level of Study," November 5, 2019, https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3710003601&pickMembers%5B0%5D=1.1&pickMembers%5B1%5D=3.2&cubeTimeFrame.startYear=2000&cubeTimeFrame.endYear=2015&referencePeriods=20000101%2C20150101. A * indicates C-level data.
[15] https://calgaryherald.com/news/calgary-alberta-inflation-highest-canada-october-2024

Fig.3. Alberta Master's and Doctoral Degree Enrollment Headcount, 2018/19 – 2023/24[16]

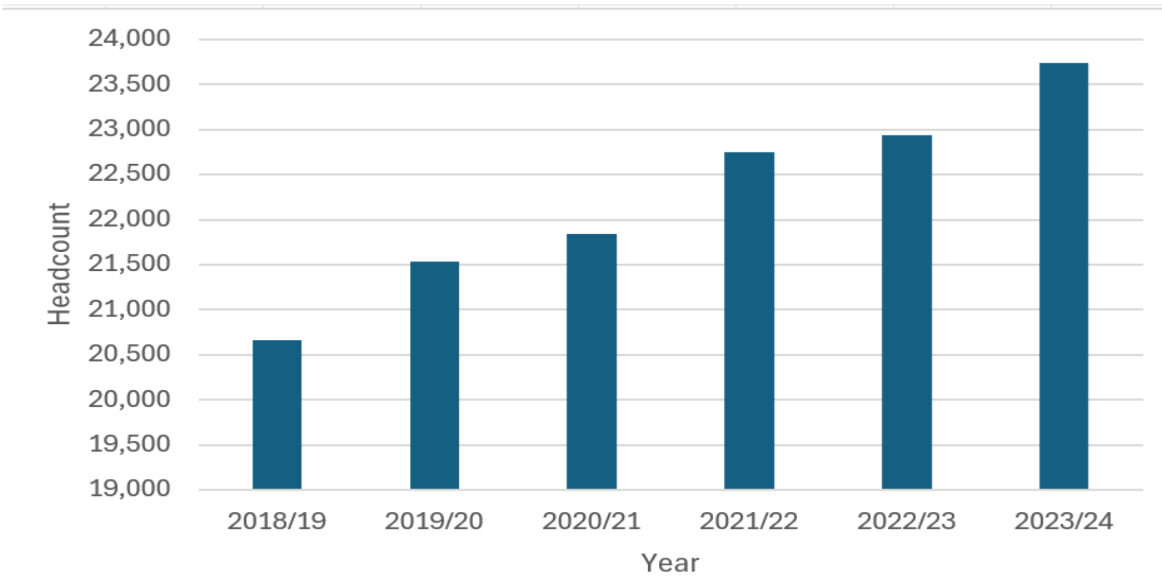
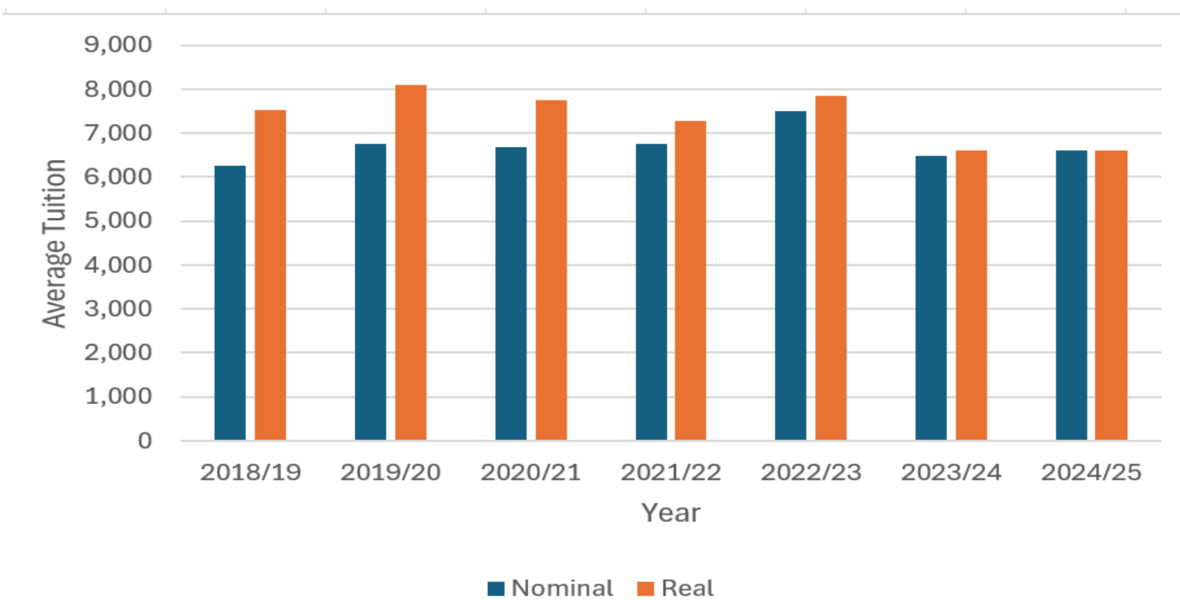


Fig.4. Nominal and Real Average Graduate Tuition Rates, 2018/19 to 2024/25[17]



Unfortunately, we would argue that the funding available for grants, scholarships, and other non-repayable sources has not kept pace with increasing headcount or costs, particularly the cost of living. In nominal terms, a total of $149 million was available for non-repayable student financial aid in the

[16] See "System headcount enrolment within the Alberta post-secondary system" for data.

[17] https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3710000401&pickMembers%5B0%5D=1.10&cubeTimeFrame.startYear=2018+%2F+2019&cubeTimeFrame.endYear=2024+%2F+2025&referencePeriods=20180101%2C20240101

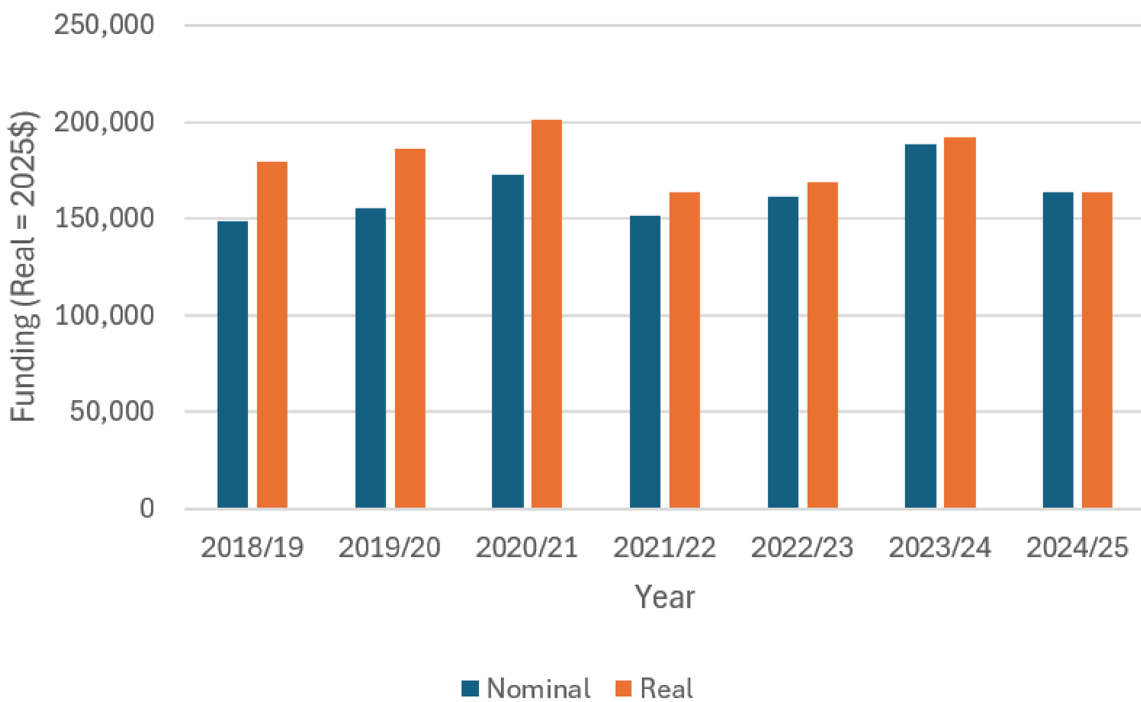
2018/19 academic year, while in 2025 that number sums to $164 million. This is an increase of just under $15 million over seven years, or a **10% increase**, far below the increased headcount, nominal tuition, and cost of living. When we adjust for inflation, a total of $180 million was available for non-repayable student financial aid in the 2018/19 academic year, compared with $164 million today. That amounts to a **$16 million *cut*, or a decline of 8.8%** (see **Fig. 5.** for more). While graduate students have also seen a 12.3% reduction in tuition, in real terms, increasing enrollment and increasing cost of living still means that far fewer dollars are available on a per-student basis for non-repayable financial aid.

The peak of available funding was in the 2020/21 academic year, where $173 million (nominal; $201 million in 2025 dollars) was available for grants and scholarships. Funding was sharply reduced the year after and has ebbed and flowed since then.[18,19] The rationale provided in the Ministry of Advanced Education's Annual Report was that funding for grants was cut by 35.7% to prevent the Alberta Study Grant, a needs-based grant targeting "one-year certificates, graduate studies, and apprenticeships," from going over budget; said grant had gone over budget the previous year because of an "unexpected increase in demand".[20,21] While we recognize that the COVID-19 pandemic was an unusual time for the government and the post-secondary system, we also would like to note 2021 is arguably the beginning of the cost-of-living crisis that Canada has yet to fully recover from. As such, non-repayable financial aid is perhaps even more important in a post-COVID world, and massive cuts to its funding are unlikely to help maintain an open and accessible post-secondary system.

Adjusted for inflation, then, the provincial government has cut non-repayable student financial aid since 2021. They have made these cuts despite the large increases in tuition and mandatory non-instructional fees during that very same period. They have also made these cuts in the midst of a cost-of-living crisis—one that students, and graduate students in particular, are not immune from. Graduate students are, on average, older than undergraduate students: they frequently have already started, or are beginning to start, families of their own, or have responsibilities to grandparents and parents. Unlike other individuals in a similar position, graduate students also have unavoidable costs in the form of tuition and mandatory non-instructional fees. Financial aid not only helps graduate students, but their dependents as well. Conversely, the negative impacts of a financial aid system that creates high levels of debt will not be limited only to graduate students.

[18] Ministry of Advanced Education, "Annual Report: Advanced Education, 2020-2021" § (2021), pg. 63.
[19] https://www.bankofcanada.ca/rates/related/inflation-calculator/. June 2021 CPI to June 2025 CPI. Annual inflation rate change: 3.84%
[20] *Ibid*.
[21] Ministry of Advanced Education, "Annual Report: Advanced Education, 2018-2019" § (2019), pg. 83.

Fig.5. Nominal and Real Funding for Non-Repayable Student Financial Aid, 2018/19 – 2024/25[22,23,24,25,26,27,28,]



Implications of High Student Loan Debt and Cuts to Grants

Non-repayable grants and scholarships have an unambiguously positive impact on students. Nguyen et. al. conducted a meta-analysis of 43 studies on the effects of grant aid and found that accessing grant aid improved student persistence and degree completion by 2 to 3 percentage points.[29] They additionally found that increasing the grant allotment by $1000 improved persistence and attainment by an additional 1.5 to 2 percentage points.[30] Importantly, the studies authors adjusted for merit-based forms of grant aid to separate the effects of financial aid that targets high performing students versus financial aid that targets students based on income levels. They found that merit-based grants had no effect on persistence or completion, and thus recommended that funding agencies prioritize needs-based funding as a means of improving degree completion.[31] These findings echo an earlier meta-analysis specifically

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[22] Ministry of Advanced Education, "Annual Report: Advanced Education, 2019-2020" § (2020), pg. 47.
[23] Ministry of Advanced Education, "Annual Report: Advanced Education, 2020-2021" § (2021), pg. 63.
[24] Ministry of Advanced Education, "Annual Report: Advanced Education, 2021-2022" § (2022), pg. 55.
[25] Ministry of Advanced Education, "Annual Report: Advanced Education, 2022-2023" § (2023), pg. 48.
[26] Ministry of Advanced Education, "Annual Report: Advanced Education, 2023-2024" § (2024), pg. 93.
[27] Ministry of Advanced Education, "Annual Report: Advanced Education, 2024-2025" § (2025), pg. 43.
[28] Inflation calculated using https://www.bankofcanada.ca/rates/related/inflation-calculator/., June 2025 CPI
[29] Nguyen, T.D., Kramer, J.W., and Evans, B.J. 2019. "The Effects of Grant Aid on Student Persistence and Degree Attainment: A Systemic Review and Meta-Analysis of the Causal Evidence," *Review of Educational Research* 89(6): 831-974.
[30] *Ibid.*
[31] *Ibid*, pg. 865.

analyzing the effects of financial aid on graduate students, where the authors found that grants "in particular offer the greatest bang for the buck among this population."[32]

The positive impact of grants also extends to the broader economy. Boardman and Ponomariov found that as the number of graduate students supported through grants increases, the number of positive university-industry interactions—including technology transfers and commercialization—increases.[33] Notably, this includes government grants, as government grants tend to both be a measure of research success and signal a researcher has enough resources to undertake extensive and novel projects, which makes these researchers attractive in the eyes of private businesses. The study additionally found that grant support for graduate students increases the probability that university professors will become owners, partners, or employees of private firms who cooperate with universities.[34] Additional studies confirm that graduate students have an outsized role in promoting university-industry collaborations, as mentioned in *UCGSA.01.* A 2020 study from Portugal highlighted the important role that doctoral students play in fostering close university-industry collaborations.[35] 2022 study of UK universities found that as more graduate students are supported via grants (of any type, be they government or private sector), the greater the incidence of start-ups and technology licencing emerging from that university, showcasing the important role that graduate students play as "knowledge providers."[36] Given that university-industry interactions are an essential component of the innovation system—as these interactions are the mechanism through which university-led research finds commercial applications—the positive relationship between grant support and university-industry interactions will result in a more competitive and innovative private sector. The additional employment benefits—where graduate students either create start-ups or join existing companies—further shows the positive impact of grants on the economy.

By contrast, the literature on student loans is far more ambiguous. While studies tend to find that student loans help degree completion and persistence, the effects (at least for graduate students) do not appear to be as significant as the effect of grants.[37] Far more studies find that student debt, which is unavoidable for the vast majority of students taking out loans, carries significant psychological and physiological costs,[38] especially for students from marginalized backgrounds.[39] In some professions—such as medicine—high debt levels also decrease academic performance in additional to mental and

[32] Gururaj, S., Heilig, J.V., and Somers, P. 2010. "Graduate Student Persistence: Evidence from Three Decades," *Journal of Student Financial Aid* 40(1): 31-46.
[33] Boardman, P.C. and Ponomariov, B.L. 2009. "University researchers working with private companies," *Technovation* 29(2): 142-153.
[34] *Ibid*.
[35] Santos, P., Veloso, L., and Urze, P. 2020. "Students matter: the role of doctoral students in university-industry collaborations," *Higher Education Research & Development* 40(7): 1530-1545.
[36] Radko, N., Belitski, M., and Kalyuzhnova, Y. 2022. "Conceptualizing the entrepreneurial university: the stakeholder approach," *The Journal of Technology Transfer* 48(1): 955-1044.
[37] Gururaj, S., Heilig, J.V., and Somers, P. 2010. "Graduate Student Persistence: Evidence from Three Decades," Journal of Student Financial Aid 40(1): 31-46.
[38] Kim, J. and Chatterjee, S. 2019. "Student Loans, Health, and Life Satisfaction of US Households: Evidence from a Panel Study," *Journal of Family and Economic Issues* 40(1): 36-50.
[39] Tran, A.G.T., Mintert, J.S., Llamas, J.D., and Lam, C.K. 2018. "At What Costs? Student Loan Debt, Debt Stress, and Racially/Ethnically Diverse College Students' Perceived Health," *Cultural Diversity and Ethnic Minority Psychology* 24(4): 459-469.

physical well-being.[40] Additional labour market distortions were reported, as high levels of debt incentivized medical students to cluster in high-paying specialities.[41]

By cutting non-repayable student financial aid, then—as outlined in the previous section—the government has been draining funds from programs which unambiguously aid students in completing their degrees, perform valuable work for private sector firms, and strengthen university-industry ties. Again, this is despite the increases in tuition and fees during this period, to say nothing of the rising cost of living. The government's preferred financial aid system—student loans—carry significant mental, physical, and performance-based risks; the ceiling for the benefits of student loans on degree completion also appears to be significantly lower than non-repayable forms of financial aid. The cuts to grants and scholarships, combined with Alberta's overreliance on student loans *and* high interest rates, means the financial aid system in the province is at risk of *hurting* rather than *helping* post-secondary students. Given the positive impact of students on the innovation system and economic dynamism, this structural bias risks harming Alberta *more broadly*, too.

Role of the Provincial Government

Advanced Education is provincial jurisdiction, and provincial governments have access to the largest range of tools to finance post-secondary institutions and make post-secondary education more affordable. Alberta Student Loans are, as one would expect, exclusively the jurisdiction of the provincial government, as regulated under the *Post-Secondary Learning Act*.

The Minister of Advanced Education could this introduce legislation that restored funding to non-repayable sources of student financial aid and shift government policy to rely more on non-repayable grants and scholarships rather than student loans. Ideally, increased funding towards non-repayable sources of financial aid would mean that government funding for grants, scholarships, and awards do not neglect—and might even *prioritize*—needs-based grants and scholarships, as the research above indicates that needs-based grants, but not merit-based, improve degree completion and program persistence. In nominal terms, Budget 2023 increased funding for non-repayable student financial aid by 12%, which the government claimed would help mitigate the ongoing affordability crisis experienced by Albertan university students.[42] If each provincial budget from 2021 onward increased funding to non-repayable sources of student financial aid by 12%, then Budget 2023 would have earmarked **$243 million** for non-repayable grants and scholarships.

Additionally, the provincial government could begin a transition towards a student financial aid system that prioritizes non-repayable grants, scholarships, and awards over student loans. It is worth noting that *Goal 5* of *Alberta 2030: Building Skills for Jobs* included a call for prioritizing student aid funding through grants and bursaries, which the government planned to facilitate by expanding the availability of needs-based student aid grants.[43] While we support this goal, and call upon the government to have

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[40] Pinsaniello, M.S., Asahina, A.T., Bacchi, S., Wagner, M., Perry, S.W., Wong, M-L., and Licinio, J. 2019. "Effect of medical student debt on mental health, academic performance and speciality choice: a systemic review," *BMJ Open* 9(1): 1-15.
[41] *Ibid*.
[42] Polenchuk, "BREAKING: Budget 2023's Effect on Post-Secondary in Alberta," March 2, 2023.
[43] Alberta.ca. "Alberta 2023: Building Skills for Jobs," Advanced Education. https://open.alberta.ca/dataset/24e31942-e84b-4298-a82c-713b0a272604/resource/b5a2072e-8872-45f9-b84d-

this intention be reflected in legislation, such a transition will not be possible without restoring significant amounts of funding to the student financial aid system.

Finally, the provincial government could also strive to make the post-secondary system more competitive by eliminating interest on provincial student loans. Given that student debt contributes to negative mental, physical, and academic performance-based outcomes in student populations, eliminating student loans would help reduce the threat of excess debt faced by Albertan students.

Recommendations

Be It Resolved That

1. UCalgary GSA calls upon the Provincial Government to earmark $243 million for non-repayable student financial aid to address the real cuts in funding for non-repayable financial aid from 2021 to 2023;
2. UCalgary GSA calls upon the Provincial Government to ensure that funding for non-repayable student financial aid keeps up with cost-of-living and enrollment increases;
3. UCalgary GSA calls upon the Albertan Government to transition away from prioritizing student loans in the financial aid system to non-repayable grants, scholarships, and awards instead; and
4. UCalgary GSA calls upon the Provincial Government to eliminate interest on provincial student loans.

784d0e98c732/download/ae-alberta-2030-building-skills-for-jobs-10-year-strategy-post-secondary-education-2021-04.pdf, pg. 29.