

STANDING COMMITTEE ON PUBLIC ACCOUNTS

March 28, 1995

Public Hearing: Department of Education, Training and Employment

The Chairperson: — We had proceeded from item no. .17 to item no. .112 and we started on the student employment. And we, I think, will proceed through that portion of it and then we can go back and deal with the other items earlier on.

The question . . . and I want to welcome the deputy and the staff from the Department of Education, and we will be doing item no. .120:

The Department should establish adequate rules and procedures for the preparation of timely and accurate financial statements.

And that has to do with the student aid fund and the .118 says:

. . . the Department did not prepare monthly financial statements for the Fund for management's review.

And:

Timely financial information is necessary to allow management to assess performance and make informed decisions.

Could we have some observations from you, Mr. Perrins, about that?

Mr. Perrins: — Good morning, Mr. Chairman. As you may remember, Brady Salloum and John Janzen from student loans are with us as well, and Brady will respond on behalf of the department.

The Chairperson: — Okay.

Mr. Salloum: — Actually John Janzen is the accountant for the branch and John Janzen is going to respond to this.

Mr. Janzen: — Okay. During the current fiscal year there were monthly financial statements prepared. During the previous there were only quarterly financial statements prepared. And the monthly financial statements are reviewed within the branch by the director and myself. The quarterly ones are sent to the trustees and

are reviewed by the trustees presently.

The Chairperson: — Would the auditors want to make a response to that?

Mr. Streliaoff: — My understanding is that that's what is happening; that they are now preparing monthly statements, and quarterly statements provided to the trustees.

The Chairperson: — Okay. Does that mean that there are rules in place to do that, or is that just what you're doing? That's what this, I believe, said.

Mr. Janzen: — Yes there are rules in place. We're doing at presently . . .

The Chairperson: — Okay. We could have an observation about the recommendation then.

Mr. Cline: — I think we . . . (inaudible) . . . the department has taken steps to comply with the recommendations.

The Chairperson: — Any further discussion? Questions? All in favour? It's carried.

The next item is item .128 dealing with verification of student loan applications:

.128 The Department should determine promptly the extent of ineligible loans.

.129 The Department should change its procedures for verifying student information if ineligible loans are significant.

Mr. Salloum: — I'll respond to that. During the year we began working with the Provincial Comptroller to develop a statistically sound audit, and it was based on nine key fields that we could independently verify, one of them being work-term earnings. And one of the problems that we find with student aid is that students apply for assistance in May or June and they estimate their summer earnings, and then often they don't know what their actual earnings are and those are some of the things that we're finding.

We've now completed the statistically sound audit and we're working on the remedial measures. And we have had two meetings

now with the Provincial Comptroller's office to discuss how we might address those issues in the future.

The Chairperson: — Any questions or observations from that committee?

Mr. D'Autremont: — Thank you, Mr. Chairman. When you used the term ineligible loans, exactly what do you mean by that?

Mr. Salloum: — The loans are based on a means test so those people that have the highest need get the most money. An ineligible loan then would be money that was authorized to a person that didn't have as high a need as was originally indicated.

That's due to a number of factors. Sometimes it's a student's guess at what their earnings are going to be when they apply so they'll have their money in place by September. And then if we go back later on and say okay, what were your actual earnings, sometimes there's a discrepancy there.

Mr. D'Autremont: — Do you take into account also things other than the students' earnings for their eligibility?

Mr. Salloum: — We take that student's earnings into account. We take their assets, certain assets into account. We take parents' income into account in certain cases. We take spouses' income into account. We try and . . . the program tries to target itself to the people that have the most need, and so to determine that, we try and take into account all monies that person may have at their disposal or their families have at their disposal.

Mr. D'Autremont: — I believe there's a fixed amount of money available at any one time for student loans. Is that correct?

Mr. Salloum: — There's a fixed amount of money per individual, but there's not a fixed amount. There is enough money to meet the needs of the students that are out there.

Mr. D'Autremont: — So if enough students . . . Say you had enough money for a thousand students, and a thousand and fifty applied, some place you would come up with the money for the other 50 if they all qualified?

Mr. Salloum: — That's correct.

Mr. D'Autremont: — When you need the extra money, when another 50 students apply that qualify, how do you access the money? What's the procedures there?

Mr. Salloum: — We would have to go back to . . . We'd have to ask for additional funds — non-budgetary funds — and we would then . . . that may increase our budgetary requirements in forgivable and non . . . pardon me, in forgivable monies.

Mr. D'Autremont: — So when you would access more money, does it come out of the Education budget or does it come from some place else within the budgetary process?

Mr. Salloum: — Monies for student loans comes from a non-budgetary appropriation, and then the interest that's paid on that is a budgetary expense.

Mr. D'Autremont: — So the Department of Education could go to the bank to borrow money, and the interest on that money would be then chargeable against the budget but the actual dollars borrowed would not be?

Ms. Boa: — When we are reviewing our fiscal forecast each month, we look at all of the various program areas. And so in this example, if in fact we needed additional funding for student loans, we would see whether or not we could find money from within the department. And if we couldn't, we would have to go forward to Treasury Board with a Treasury Board request, and then it would go to cabinet. And if it was approved the money could be provided to us through special warrant.

Mr. D'Autremont: — So it would come from the Consolidated Fund rather than a financial institution at that time?

Ms. Boa: — That's correct.

Mr. D'Autremont: — Okay. When you're looking at student loan applications, what impact do the assets or the incomes of parents have on them, and how is that affected by the number of students that they might have within post-secondary education?

Mr. Salloum: — Well parents' assets are not considered at all. Parents' incomes are considered for students that are considered to

be dependent on their parents. And those are primarily students between the ages of 18 and 22. And it's a scale of contributions that the parents make, depending on whether the student is living at home or away from home, and what their — it's called their net effective income . . . and it's also based on the size of the family.

Mr. D'Autremont: — So the more students that might be in the system, the less impact the parents' salary income would have?

Mr. Salloum: — Do you mean that if a family has two children in university?

Mr. D'Autremont: — Yes.

Mr. Salloum: — If you had one child in university and you had to contribute \$5,000; if you had 2, you would not contribute half but you would contribute a percentage of that 5,000.

Mr. D'Autremont: — Okay. Now the parent is contributing \$5,000 towards the education of their child. If they have a second child in there, you're saying they don't have to contribute another 5,000?

Mr. Salloum: — No.

Mr. D'Autremont: — But some percentage of that?

Mr. Salloum: — Yes.

Mr. D'Autremont: — Okay, and would that be corresponding the same whether you had three children.

Mr. Salloum: — Then it's . . . there's a certain base, and then anything over the base you would take half of or a third of or a quarter of, depending on how many children you have dependent on you.

Mr. D'Autremont: — So is the base 5,000?

Mr. Salloum: — No it's not; I'm just using that as an example.

Mr. D'Autremont: — What would the base be then?

Mr. Salloum: — Well the base is determined by the size of the family and the person's

income, the parents' combined income. So it varies.

Mr. D'Autremont: — So if you had three children in university and five children at home, grade school, that would have an impact?

Mr. Salloum: — Yes it would.

Mr. D'Autremont: — Well I come from an area where there's large families, so it's not . . .

When you talk about the assets of the student, what kind of an impact would a . . . if a student owned a vehicle . . . have on their student loan?

Mr. Salloum: — We now have an exemption of \$4,500 on the net value of the vehicle. So if the student had a vehicle that had a net value of more than \$4,500, we would use the incremental amount as a resource available to them for their schooling costs.

Mr. D'Autremont: — And how do you determine the net value of that vehicle?

Mr. Salloum: — The student tells us what the value is, but we also use the red book to make sure that it's within range.

Mr. D'Autremont: — Do the people who are assessing vehicles using the red book understand how to use the red book?

Mr. Salloum: — Generally, yes.

Mr. D'Autremont: — Because I run into problems with SGI (Saskatchewan Government Insurance) where they don't know how to use them.

Mr. Salloum: — With SGI?

Mr. D'Autremont: — Yes. And you would assume SGI would know how, but they're doing it wrong. And it clearly lays out in the red book and the black book the procedures you go through to determine the values of a vehicle. And in a lot of cases you have to take . . . I'm thinking of one case that came forward, air conditioning. Air conditioning is included in the net value of all vehicles, and if you don't have air conditioning, you have to deduct that. And do you know if your people are doing that? SGI was not doing that.

Mr. Salloum: — Yes, what we do is if the . . . we do it on an exception basis basically. If the vehicle seems to the assessor to be out of line, if the gross and net value seems out of line, then they may refer it to the audit area and the audit area would send a letter just asking for confirmation.

Mr. D'Autremont: — So it's not a hard and fast rule that the red book value is X and this is what you're going to be applied?

Mr. Salloum: — No, it's not a hard and fast rule.

Mr. D'Autremont: — Okay. How long does it take you normally to inform a student that they're not eligible for a loan or else their loan has been decreased?

Mr. Salloum: — It really depends on the time of year that a person applies. Because we have such a huge volume that come in in June, July, August, and September, our turnaround time is, during those periods, about three to four weeks.

But it also depends on whether the student has filled out the form in its entirety, because a student could submit their application form and miss several questions, meaning that we would have to send the form back to the individual, they'd have to fill out those questions. And sometimes they miss another question or they've misinterpreted something and we have to send it back. It depends very much on the individual and how complete the application form is when we receive it.

But generally at this time of year, the turnaround time can be as little as a day or two. In our peak period though it's longer; it's about four or five weeks.

Mr. D'Autremont: — That would be on the initial applications. Is there any difference when you are reviewing an application and determining it to be ineligible or else needs to be decreased or something? Is there a different time frame for that?

Mr. Salloum: — Well as information comes in sometimes we'll go back to students and ask for verification of summer earnings, for example, or verification of spousal earnings. And that can take several months.

Mr. D'Autremont: — When you're talking spousal earnings, are you talking married couples or are you talking couples that may be living together also.

Mr. Salloum: — Both.

Mr. D'Autremont: — Both. You don't have to have the piece of paper to be considered for income purposes.

Mr. Salloum: — We recognize common-law relationships, and expect that spouses in a common-law relationship will support the student.

Mr. D'Autremont: — How do you determine though whether or not a student may be in a common-law relationship?

Mr. Salloum: — A student's considered to be dependent on their parents until they meet one of the criteria for independence. One of those is to be married or in a common-law relationship. Another is to be in the workforce for two years. Another is to be out of grade 12 for four years, or to have no parents.

So common law is . . . we determine as being either recognized in a relationship for 12 months, or if there are children involved it's any length of time that there is a relationship, that we would recognize that common-law relationship.

Mr. D'Autremont: — Okay. You mentioned incomplete forms are one of the problems. How often do you get incomplete forms and do you have any explanation for why the student would be not filling them out, or not filling them out properly?

Mr. Salloum: — Well, we have about 18 per cent of the students that go outside of the province, and what we ask of those students is that they get the school to complete a what we call an enrolment information form because we don't know what the tuition is at the University of Calgary necessarily, or how many classes a person is enrolled in. The school has to fill out that form. Oftentimes the application form will come in and that isn't attached to it.

Other times, people forget to sign the application form. They forget to list assets or tell us that there are no assets, that they have no assets at all — no financial assets I mean.

There's a variety of reasons. They forget to list their children. It's a number of different issues.

Mr. D'Autremont: — The reason I was asking, I was wondering if perhaps the forms are fairly complicated, or if there's some particular reason why students might be missing filling out the questions.

Mr. Salloum: — Well they are complicated. And we try and go through line by line in the application form in the package, and we do it . . . each question we have the, you know, what a student should do. So we hope that they'll use the line-by-line guide in filling out the application form.

But there are lots of questions we need to ask to determine who is the most needy. And because there's so many students going to so many different schools as well, and they're in a variety of different start dates and end dates, there's a lot of questions that we need to know just to make sure that we're giving them enough money for them to live while they're at school.

Mr. D'Autremont: — Does the form specifically let students know that they should fill in every blank even if it was not applicable or something like that?

Mr. Salloum: — Yes, it does.

Mr. D'Autremont: — In big, bold letters?

Mr. Salloum: — Yes, it does.

Mr. D'Autremont: — Good. How about in province? You mentioned that some of the incomplete forms come back because of not knowing the fees or the classes that they're going to take out of province. Do you have a similar problem in province, or in province are there other examples that are more prevalent than others?

Mr. Salloum: — Well the big six institutions, the two universities and the four SIAST (Saskatchewan Institute of Applied Science and Technology) campuses, we go to the registrars at the beginning before the school year, the loan year, starts and ask them what the tuition is for each of their programs, what the books and supplies cost. And then we prorate, based on the percentage of the course that the student is in. So that's about 70, close

to 70 per cent of our students.

And for the private vocational schools and schools outside of the province or private religious schools, they have to fill out a special form.

Mr. D'Autremont: — What's different with this form than those completed by a university or SIAST? Like the vocational schools and the university, what would be . . . you say there's an extra form to fill out?

Mr. Salloum: — The extra form is the same one as they fill out outside of the province. And the reason we do that for private vocational schools, for example, is because they have multiple start dates. At the universities and generally at the SIAST campuses, there are very defined times of school starting and ending. But at private vocational schools, you can start at the beginning of any month, and so we need to know start dates and end dates and the relative tuition that that person is paying. And also they can pick different modules at different schools that may increase or decrease their tuition.

Mr. D'Autremont: — When you're considering student loans, do you take into account the cost of living within a community where the educational institution is?

Mr. Salloum: — As of this moment we don't, but in the '95-96 needs assessment we will be doing so.

Mr. D'Autremont: — The reason I'm asking, it seems that when students go from one institution to another, particularly if they're going outside of the province, they may have a different cost for accommodations, etc. And I've had complaints from students that this either increase or decrease in costs seems to be reflected in their student loan. Now I don't know that it is, and you would indicate now that it is not, but yet they seem to have the feeling that they shouldn't be allowed to go to . . . or they're discouraged from going to an institution outside of the province even though their cost of living will be lower and their student loan then reflects that. Does that have any impact at all?

Mr. Salloum: — About 18 per cent of the students that receive assistance go outside of the province. We use the actuals in terms of

tuition and books. We use room and board costs that are approved in province right now. Then again for next year, we will be recognizing that there are differences in room and board and the costs of living. There will be differences between Regina and Alberta and B.C. (British Columbia) and Ontario. There will be several different regions and costs in the country.

And I think that is one of the changes that gets at those issues, that students are very mobile, and there are different costs across this country.

Mr. D'Autremont: — When you're considering eligibility for student loans, do you . . . What waiting is there for the program being offered in Saskatchewan but a student wanting to take it some place else?

Mr. Salloum: — Generally you're eligible for a Canada student loan anywhere in the world. Provincial loan assistance is intended basically for in-province study, but if the program is not available in Saskatchewan, then you're eligible for it outside of the province.

Mr. D'Autremont: — What if the program is available within the province but there are no spaces available within the province?

Mr. Salloum: — If the program is over-subscribed, you're eligible for assistance outside of the province.

Mr. D'Autremont: — When that happens, when a program is over-subscribed, how soon would the student find out that they were ineligible to attend a University of Regina for some reason and then they would want to go some place else? What kind of a time frame are we talking here for approvals for student loans for transfers for that kind of a circumstance?

Mr. Salloum: — Students generally get their accepts at the universities, they get conditional accepts, I believe they're in the next few months, and their final accepts would come in with their final marks at the end of June.

The final accept would probably come in July, I would think. So there isn't much if you're coming out of grade 12 and going in. But if the program is over-subscribed, my understanding is that you would know fairly early on. For

colleges like law and medicine, the selection process occurs quite a bit earlier.

Mr. D'Autremont: — It seems to be one of the areas though that I get complaints about from students, is that the time frames are very short for transferring or reapplying for a student loan to go to another institution when their first choice is not available to them.

Is there some way of speeding that up or at least of allowing some more flexibility within the system for students to say, choice A is where I'd like to go, my student loan is for there, but failing choice A — B or C?

Mr. Salloum: — That's difficult because the certificate that we send out to the student is a legal document that has the school imprinted on it and that has to be signed by the school named on the certificate.

If a student though . . . We try and send the information out to students as quickly as we possibly can about what their eligibility is. And if at that point they realize that I'm not going to the University of Regina, I've decided instead to go . . . I've gotten into a chiropractic college in Ontario, they simply have to write us back, tell us what the new situation is and we'll do a reassessment.

Now again, based on the time of the year, the volume is fairly heavy. But I haven't noticed a problem with that generally in us being able to turn those documents around and get them the correct certificates.

Mr. D'Autremont: — When a student is going to the institution beginning in September, they have to have that certificate in hand, do they not, to show the registrars to get them to sign it or whoever signs it and it comes back to student loans.

Is there some way of, when some of these . . . If it comes forward in July 1 it's not a problem, they've got time to do it, but when the approvals happen the last week of August, is there some other mechanism that could be in place for transferring that information back and forth?

Mr. Salloum: — Students pay for their fees, etc., a number of different ways, oftentimes from their summer income, oftentimes from their parents or contributions from both. And

they stage their . . . they know when they apply that it's going to take about four or five weeks for the student loan money to come in, and so they usually they are fairly good at managing those first few weeks of schooling because they've got a lot of costs, and they've used their savings from their summer to do that.

Those students that can't do that because they haven't found summer employment are usually the ones we find that apply in June, and so that they have their certificates in their hands. I don't know if that's answering your question.

Mr. D'Autremont: — Well partially. I'm thinking of a situation where the student was going to an institution, I believe in Prince Albert, and they received their approval about August 28 or so, the long weekend. They had to have their form into P.A. (Prince Albert) on the first or second or third . . . whatever the first day of the week was, other than Monday, I mean. And it was a problem getting that information from the student loans to P.A. and back again — the actual physical approvals of it.

Mr. Salloum: — This is what happens with the certificates. There's a Canada student loans certificate and a Saskatchewan loans certificate. And the student takes them both into their institution. The institution signs them, saying yes, this person is in full-time attendance or will be. The student then takes the Canada student loans certificate directly to his bank and the bank gives them the money. And it can be that day that the student gets the money.

The provincial loans certificate they send back to me, and we disburse it on a monthly basis throughout the remaining months. So the Canada student loans certificate is available to them almost immediately, and the schools will sign them up to 30 days in advance of the start dates so that the students can get those necessary signatures much before the time school starts.

Mr. D'Autremont: — Is there a cut-off point though, if the school hasn't signed on, where they might lose a portion of the student loan or they might lose their eligibility for that course?

Mr. Salloum: — I think that each of the institutions, the University of Saskatchewan and the University of Regina and SIAST campuses, have certain penalty days where

you may have to pay a penalty fee if your tuitions aren't paid; that's the only thing I'm aware of.,

Mr. D'Autremont: — This particular student was concerned about them losing their position at the school if they didn't get it in by a certain date. Now perhaps the class was full, and there were others waiting to get into the class or something like that. I'm not exactly sure.

Mr. Salloum: — Sometimes at SIAST they require a fee to hold the space, but that can be months in advance of when the program starts, and normally students will pay for that holding fee out of whatever money they're earning. I don't know if those holding fees still exist though; I'm not sure.

Mr. D'Autremont: — Maybe that's one of the things you could look into if you would, please.

Mr. Salloum: — Sure.

Mr. D'Autremont: — I think that's it for me, Mr. Chairman.

The Chairperson: — Any other questions? Okay, do we have a committee's observation about .28 and .29?

Mr. Cline: — You should note, Mr. Chairman, that the department is in the process of taking steps to comply with the recommendations.

The Chairperson: — All in favour? Agreed.

The next item is lack of authority to limit interest write-down subsidies. And we recommend . . . or the auditor has recommended the department should not limit the interest subsidy period of students who received loans in '86 and '87.

Mr. Salloum: — We are doing the . . . we are applying the interest subsidy on a case-by-case basis, and have been for the last few years now.

The Chairperson: — Would you be able to tell me why you didn't . . . I maybe didn't hear you, if you already said. Why did you eliminate the interest subsidy in '86 and '87?

Mr. Salloum: — I'll just read from this. The interest write-down plan for student loans was introduced in 1986-87 as per Treasury Board

minute 1071. The minute was unclear as to the length of the interest subsidy period. A subsequent Treasury Board minute no. 1207 stated that the subsidy period would be limited to the first three years of repayment. By this time however, the interest write-down plan had been in operation for more than a year.

The department's initial position was that the interest write-down subsidy would be limited to the first three years of repayment as directed in the second Treasury Board minute, in light of a subsequent legal opinion from Justice which maintained that loans authorized in 1986-87 were eligible for interest subsidy for the entire repayment term. The branch requested approval in July '89 for the additional expenditures required for the increased subsidy.

In January '92 the department was directed to handle the situation on an individual, case-by-case basis, and any student who received a loan in '86-87 and who requests a review of their repayment obligations in relation to their eligibility for an interest subsidy shall be entitled to have the interest on their loans reduced to 6 per cent for the entire repayment period.

The Chairperson: — Could you tell me how many students there are in that time frame and what kind of money we're talking about?

Mr. Janzen: — I believe . . . I'm not sure of the number of students. We have a liability that we're carrying on the books for around 4 million, I believe, for that.

The Chairperson: — Is that the whole value of that group of students moving through the system for the total period of time?

Mr. Janzen: — That's the value for the difference between the 1986-87 subsidy, based on a three-year as opposed to a full amortization. They've already been paid for the three-year subsidy, and that value is just for the difference.

The Chairperson: — And this 4 million is from year number four on to the end of the . . .

Mr. Janzen: — Yes.

The Chairperson: — And it's \$4 million is your estimate of that value of that . . .

Mr. Janzen: — Yes, I believe that's the number, if I remember correctly.

The Chairperson: — Okay. Any other questions regarding . . . Dan?

Mr. D'Autremont: — Mr. Chairman, these loans that were taken out in '86-87, were they taken out by the students at a fixed interest rate or a floating interest rate?

Mr. Janzen: — Fixed.

Mr. D'Autremont: — What was that fixed rate and how long was the term for?

Mr. Salloum: — I'm sorry. I don't remember the rate. The term though is dependent on how much the student borrows. It can be as little as 36 months or as many 114 months. Again, depending on how much they borrowed and what amortization period the student picks, we give them about six different options.

Mr. D'Autremont: — So the original amount of the loan was 4 million, was it, or that's what's remaining on the accounts?

Mr. Janzen: — That's what we estimate the liability is if we were to pay the total subsidy that is owing.

Mr. D'Autremont: — So 4 million would be the subsidy amount. Should not those loans be almost cleared off now, another year?

Mr. Janzen: — Well depending. Some of them would; if say '86-87 was their first year and they went to school for three or four years, then they have a nine-and-a-half-year repayment term. There's quite a bit of time left.

Mr. D'Autremont: — Okay. Have the students been made aware that they are eligible for this write-down?

Mr. Salloum: — Only on a case-by-case basis.

Mr. D'Autremont: — How many students . . . Okay, how would a student become aware that this was available? Would it be when they, say, went into default and declared bankruptcy, or how would a student become aware that they were eligible for this?

Mr. Salloum: — They basically . . . It would

only be by word of mouth.

Mr. D'Autremont: — When did students start applying for the interest subsidy? Was it at the initial time they applied for the loan? Did they undertake that with the understanding that it would be for the three years that was mentioned? Or was it their understanding it was for a longer period of time?

I'm just trying to figure out how the student actually becomes aware that this 6 per cent is available to them.

Mr. Salloum: — Normally the interest rate is set at the time of consolidation, when you have all your loans together, and the interest rate is set. But in the publications during those years, the publications would have said what the interest rate was on those loans.

Mr. D'Autremont: — So the students should be aware then that they're available at 6 per cent, you're saying?

Mr. Salloum: — They should be.

Mr. D'Autremont: — What percentage of the student loans that were taken at that time are actually on the 6 per cent?

Mr. Janzen: — I'm not clear on the question. Everyone that got a loan during that year would have been eligible to have their interest written down to 6 per cent.

Mr. D'Autremont: — How many of them did that though? How many are . . . Okay, how many loans were given out, student loans, in 1986-87 year?

Mr. Salloum: — It would have been . . . in 1986-87, it would have been I'd say about 15,000.

Mr. D'Autremont: — So how many of them, in your estimation, would be on the subsidy still?

Mr. Salloum: — What happened is when the student came into repayment, we would take the subsidy and apply it against their provincial loan. So we would reduce their provincial loan by the difference between the interest rate that they were going to be paying and 6 per cent and we would apply that to their Saskatchewan loan immediately, thereby reducing the principal right off the bat. That's the way we

handled all of those.

Mr. D'Autremont: — If the student asked for it.

Mr. Janzen: — No, that was automatic.

Mr. Salloum: — It was automatic.

Mr. D'Autremont: — So actually the subsidy was just paying back the loan a little quicker than would normally have been the practice.

Mr. Salloum: — That's right.

Mr. D'Autremont: — But the student, of the terms of their payment per month, would not have noticed any significant difference, at least at the initial onset of their repayments.

Mr. Salloum: — They would have noticed a reduction in the principal, and then once the principal is reduced, their monthly payments would have been correspondingly reduced.

Mr. D'Autremont: — Okay, thank you.

The Chairperson: — Do we have an observation from the committee?

Mr. Cline: — Well I think we should note, Mr. Chairman, that any student who received a loan in 1986-87 and requests a review of their repayment obligations regarding their eligibility for an interest rate subsidy will have the interest on the loan reduced to 6 per cent of the repayment period.

The Chairperson: — Do we have agreement on that observation? Agreed.

.143 The Department should establish procedures for the timely write-off of student loans in default.

Mr. Janzen: — Okay, since then the department has established procedures for the timely write-off. During the last year we've been catching up and we are quite current now with our write-offs.

The Chairperson: — How many dollars are we talking about here, in this year that we're talking about here?

Mr. Janzen: — I believe the write-off amount was 4 million for that year. In addition the department had requested Treasury Board

approval to write off another 9.9 million and that was basically the catch-up. That approval has already been received.

The Chairperson: — Does that include individuals in the year under review and prior to that?

Mr. Janzen: — Yes, right.

The Chairperson: — But does it include the 4 million or is this over and above the 4 million?

Mr. Janzen: — No, I believe that would have been over and above the 4 million.

The Chairperson: — For how many students is that? That's a fair. . .

Mr. Janzen: — Well the 9.9 is in relation to 1,158 students.

The Chairperson: — What are some of the criteria that you use to do that?

Mr. Janzen: — Well the majority of our write-offs are what we call an accounting write-off and collection activity continues on them, but they're taken off the books as far as an accounts receivable. And most of them are because of 365 days — one year — passing, without receiving any payments from the student.

There's a few that are written off for other reasons like medical problems, where the student is unable to work and probably won't be able to ever work again and things of that nature. But the majority would be the 365-day time period without a payment.

The Chairperson: — So how many . . . so you caught up in '92-93. How many do you expect to have on an annual basis? You've had a couple of years to kind of look at it. How many are you looking at and how many dollars are you looking on an annual basis then, from then on?

Mr. Janzen: — This year we're in the neighbourhood of 9 million for '94-95.

The Chairperson: — That's a fairly significant amount. Do you have . . . like there's a Bill before the House now where you're working on this sort of a thing, I assume. It dealt with bankruptcies and some of these other things.

This collection requirement, is that go after some of this 9.9 that you talked about earlier and the 4, does that go after portions of that?

Mr. Janzen: — Yes.

The Chairperson: — What's your rate of recovery on that volume of dollars?

Mr. Janzen: — Our rate of recovery is approximately 20 per cent of what we send to the collection agency is recovered. That's been the history.

Ms. Stanger: — I just want to be clear on this 9.9 million. What period does that cover?

Mr. Janzen: — Well the write-off of the 4.5 during that year and the 9.9 in addition to that would have been for everything up to that point in time.

Ms. Stanger: — That's what I thought. Thank you.

Mr. Janzen: — There would have been some written off before that but not a great deal.

Ms. Stanger: — No.

The Chairperson: — So what the trend looks like is it's trending to having more of this happen because you move from a catch-up of 9.9 to you're looking at 9 for '94-95.

Mr. Janzen: — Well that's possible. But we first started making student loans of a significant value in '86-87 and by the time they move through the system, get into repayment, and go into default and so on, a number of years have passed. So before we can really establish a trend there, perhaps more time has to pass.

The Chairperson: — I sat in cabinet when we did this a couple of times, and I was a little surprised at the volume of dollars that was in this category. Twenty per cent, is that . . . like when you put this 20 per cent into your, well fund, does it go into the General Revenue Fund or does it go into the student loan fund or where does it go into?

Mr. Janzen: — The recovery?

The Chairperson: — Yes.

Mr. Janzen: — It goes into the student loan fund.

The Chairperson: — Are you able to use that in delivering . . . No, I'll put it different. Is your student loan fund reduced by the volume of dollars that you are short? Twenty per cent is \$1.8 million. You had \$7 million shortfall. Is your student loan fund reduced by that amount of money then? How does that work?

Mr. Janzen: — Well whatever we collect from students, whether it's students that are current or in default, we repay on our loan to the General Revenue Fund. And then we borrow new money each year for new loans to students.

The Chairperson: — What would be your total value of your loans in the year under review? What's your total volume of loan responsibility?

Mr. Janzen: — The total loan portfolio?

The Chairperson: — Yes.

Mr. Janzen: — It would be excess of . . . at the end of the year we were at 125 million before allowances.

The Chairperson: — That's in '92-93? Or that's just . . .

Mr. Janzen: — Yes.

The Chairperson: — Okay. Can a student receive a bursary or a write-down of his loan through the student loan program for . . . as a bursary or a part of a grant that he gets? Can students do that because of their marks, or do they have to apply, or can they qualify for any reduction in their student loan?

Mr. Salloum: — They can apply for a reduction in their student loan. It's a program . . . it's called the forgivable loan program and the remission program, and it's a debt control mechanism. So it's directed to students that have high needs initially.

The Chairperson: — Are there any student loans that are given for native considerations through this program, and then is there a write-down from some other agency of government, either provincial or federal, that pays that back? Is there a program like that in here?

Mr. Salloum: — There's a special incentive program for non-status Indians, for single parents, and for students from the North. And the student loans are reduced if those individuals have high needs.

There are other programs available though for status Indians through the federal government.

The Chairperson: — But they don't come to your student loan program to get help for . . .

Mr. Salloum: — In the year in question, no.

The Chairperson: — You mentioned special needs. Would anybody qualify for that equally with them, or is it only for the North and these other groups that you were talking about?

Mr. Salloum: — The special incentive program is only for those three groups.

The Chairperson: — Okay. What does that volume of dollars come to?

Mr. Salloum: — The special incentive program would have been about \$9 million in Canada student loan authorized and about 14 million in Saskatchewan loan in the year — a total of about 23 million.

The Chairperson: — And that would have fit under those three groups?

Mr. Salloum: — Yes.

The Chairperson: — And of that 23 million, how much was forgiven?

Mr. Salloum: — I don't have that information with me, but I can get it for you.

The Chairperson: — Okay.

I guess what is of some interest to me and I have thought about this quite a bit, but there's certain incentives given to individuals who go to school. And I think that's that a good thing; I'm not discounting that. But if I would say of my family of three, two of them have attended schools and one will not, the third one will probably cost more to have him do what he wants to do than the other two, including the fact that I've paid for all of the education of these others. And his return on . . . his personal return from his own education or making investments of whatever he wants to

do is going to be less than these fellows that have gone to school.

And so many people complain about their kids not having enough money from the student loan program, and they have to put some money of their own in to make them eligible to go to school. And yet their return on that investment is way higher than a person who would decide to go into a body shop and just own the facility, or in my case, one of the fellows wants to stay on the ranch. Then that's what he wants to do. His return on his investment, even though it's way higher, is less than these others.

And many times parents don't view that in that context. And that's when — I'll just go one step further — when agencies allow young people an investment in a business, an entrepreneur, they'll say, well that's not the right thing to do over there, and they'll give students a fair chunk of opportunity. And I don't disagree with that; that's just the way it is. But that's so many times discounted, the one that doesn't go to school is discounted for doing something else.

We can deal with item .143.

Mr. D'Autremont: — Thank you, Mr. Chairman. The 9.9 million catch-up that was involved in 1993, was that the total amount to be caught up?

Mr. Janzen: — I can't say for sure. We can get clarification for you on that, if you like, but I can't say for sure just from reading here.

Mr. D'Autremont: — Yes, okay, if you would, please.

You mentioned that in '94-95 that there was 9 million that was being forgiven or dealt with in default. Is that correct?

Mr. Janzen: — Correct.

Mr. D'Autremont: — So then no portion of that is part of the catch-up?

Mr. Janzen: — That's what I'm not sure. There could still be some of that that's part of the catch-up.

Mr. D'Autremont: — Okay.

Mr. Cline: — Is it forgiven or is it — sorry, Dan

— is it written off as uncollectible?

Mr. Janzen: — It's written off our accounts receivable, but collection activity continues on the majority of it.

Mr. D'Autremont: — Okay. Back in . . . this program started in '86-87. I wonder if you would have any information on the number of students that were first-year students, so they would be applying for loans then in all likelihood for two to four years if they went through their education, and how many would have been second or third or fourth year. So that they would have started their repayments, if they were '86-87, should have started their payments in '87-88.

So we can get some sort of a feel for . . . what I'm interested in is how soon those repayments or how soon you would have known that some students were going to be into default. If they were first year, you likely wouldn't have known for five years if they were attending university, which would have been '91.

Mr. Salloum: — Defaults occur . . . you can get student loans for any length of program provided it's 12 weeks or longer. We don't have statistics about how many were in first year. Many students that were in a one-year program though could have defaulted six months . . .

Mr. D'Autremont: — The year after.

Mr. Salloum: — Exactly. And students that are at university would not necessarily get a student loan each year for four years. Some of them only get it for their first year or last year because their circumstances may change within that.

Mr. D'Autremont: — I was interested in getting a feel for how ongoing this problem is going to be. If you had 4 million plus the 9.9 million catch-up in '93 and 9 million in '94, you know, is this going to be an ongoing process that we're going to be looking at these kind of numbers every year?

Mr. Janzen: — I expect it will be an ongoing process. To what extent we're not sure yet because it may take some time before a definite pattern develops. But it would appear from what we've seen in the last few years, that it's quite likely to be a significant write-off.

Mr. D'Autremont: — What percentages of students go into default?

Mr. Salloum: — In the year in question, I believe it's 18 per cent. Sorry, it's 19 per cent.

Mr. D'Autremont: — Okay. And how would that compare to '92 and '91 and '90, etc.? Has it been running around that 18, 19 per cent or . . .

Mr. Salloum: — It's about that. It hasn't varied too much although we've seen it coming down over the last little while. And it's fairly comparable from province to province in this country.

Mr. D'Autremont: — Based on a question . . . the last time that we sat on students declaring bankruptcies, you have 4 per cent do so the first six months after finishing, 24 per cent the following year, 72 per cent 18 months thereafter. Is that changing along with any changes that may be occurring in the default structure? Those students that are declaring bankruptcy . . . is 18 per cent declare . . . or go into default. What percentages of those actually declare bankruptcy and don't make any repayments?

Mr. Salloum: — We'd have to get that information for you.

Mr. D'Autremont: — Do you have any estimations as to what's going to happen for the '94-95 years for the default percentages? Are they going to be fairly constant at that 18, 19. Or does it look like they'll maybe go up or down from there?

Mr. Janzen: — I think it'll be consistent from last year.

Mr. D'Autremont: — Okay. I may be straying from this particular recommendation on this, but the special needs . . . are there a limit on student loans for those that would qualify under the handicapped or special needs category . . . (inaudible interjection) . . . The volume of dollars available.

Mr. Salloum: — It's similar to what Mae had indicated before. There is as much money available as there is needed, and if more is needed then it would be a special warrant.

Mr. D'Autremont: — Okay, thank you, Mr.

Chairman.

The Chairperson: — Item no. 143.

Mr. Cline: — I think we should note, Mr. Chairman, that the department has complied with the recommendation.

The Chairperson: — Agreed? Agreed.

Then let's go back to the area of no. 30. But before we do that, I just have a question. Under item 13, the department should comply with the school grant regulations. We said we were going to go back to that if the information has come back. Is this information that you gave us today, is that the information that was asked for in item no. 13?

Ms. Boa: — Yes, we forwarded the information on the 14th of March.

The Chairperson: — Okay. Well what we'll do is defer that section until the individuals have had time to look through that package, and then we'll come back to that. Meanwhile we'll deal with item no. 30. The item under review is SIAST, and the recommendation by the Provincial Auditor says that the board should fill vacant positions promptly.

Can we have the deputy minister's observation regarding that?

Mr. Perrins: — Lily Stonehouse, who is the assistant deputy minister responsible for post secondary education, will respond.

Ms. Stonehouse: — I might just note that there's a number of recommendations related to SIAST here and that since the year in question SIAST has made significant progress on most of them.

In the case of filling vacant positions promptly, SIAST has made a substantial effort there and currently have a full complement of senior staff.

The Chairperson: — Is there a difficulty in this that this runs through cabinet approval . . . No, this is . . .

Ms. Stonehouse: — No, SIAST has a board of directors who appoint their staff. I might point out that the principal's position at Woodland became vacant this past year, and they filled it

within four months, so I think they have got over this particular hump.

The Chairperson: — Does this deal with individuals in the teaching side, or is this in administration side?

Ms. Stonehouse: — I believe the concerns were directed at the senior management positions: president, the principals, the chief financial officer.

The Chairperson: — Any questions?

Mr. D'Autremont: — Perhaps I should go back to when the problem was in place. How long were some of these positions open for?

Ms. Stonehouse: — I don't have specifics here. I think the issue was more a matter of turnover than lengthy vacancies.

Mr. D'Autremont: — Well was the problem that the positions were open for a year or six months? You say that four months the last position was filled in. I'm just wondering if that's timely or not. Or what would be considered to be appropriate for a vacancy length of time?

Ms. Stonehouse: — Just referencing the auditor's report, no. .27 in the Auditor's report, position of president and three of the four principal positions were vacant from November 30, '92 until the fall of '93 and were filled in an acting capacity in that time.

Mr. D'Autremont: — So for a year.

Ms. Stonehouse: — Yes.

Mr. D'Autremont: — So the auditor obviously considers that a year is too long a period of time. You suggested that the last position was filled within four months, and that seemed to be solving the problems. So I'm just wondering where between four months and a year does the length of time become inappropriate?

Mr. Perrins: — Well I think that depends. If you're talking in a senior management level, three-quarters of the positions being acting, then I think a year is quite different than if you're talking quantity of four or five positions being vacant for four months. If you had all of them vacant for four months, again I think that's a different set of circumstances that I

think would be very difficult to say this is too long or this is an appropriate time. I think that the approach should be there should be an expeditious process undertaken to fill the vacant position because sometimes it's beyond people's control in terms of people leaving. At the time, as I understood, in terms of reviewing material, you had three-quarters of the senior positions with people filling them in an acting capacity. So in terms of context, history, planning, etc., it was a serious impediment to an organization.

Mr. D'Autremont: — So the concern then is more the volume of positions vacant rather than the time frame?

Mr. Perrins: — I think it's both when you have that many. As I say, I think if you say there's four months . . . Think of a normal advertising process for a position. You know in anywhere you're going to go through an advertising process, you're advertising, arranging interviews, interviews, notice being given. It doesn't take long before you're talking from two to three to four months.

Mr. D'Autremont: — What's the department's policy then on this current situation . . . not the current situation but on this recommendation so that it doesn't reoccur?

Ms. Stonehouse: — Well SIAST has put in place a process to fill its senior positions.

Mr. D'Autremont: — So if two senior positions become available at the same time, is that too much of a volume, or is it three, or they've had four? I'm just wondering what's the criteria and what's the policy now so that you don't run into this situation again? You had four here that went for up to a year. The auditor has said that's too many for too long a period of time, but you're suggesting that one for four months is not unacceptable. So where is the line?

Mr. Perrins: — Well with all respect, if three people resigned today because they've gotten other jobs elsewhere, I don't think the auditor or anyone else could say, oh that shouldn't happen. It happens. So I think what you have to do is, as I was indicating, is put in place a process which the board has in terms of advertising and filling positions. You can only do, I think, what you can do.

I mean this situation here, as I understand it,

was that they weren't acting quickly enough to fill positions. I think, as I say, they had three-quarters of their senior positions with acting people in them. And I think that's what isn't appropriate. But it's hard to say if a number of people resigned how quickly . . . you know, what is a rule. I don't think there is.

Mr. D'Autremont: — Okay, the number you talk about resigning, was that the circumstances for these situation? Did three-quarters of the senior staff resign? Was that four people or was it six, or just how many is it also? But did they resign, or was there some other occurrence?

Mr. Perrins: — As I understand, it was the president and three of the four principals of the colleges, which is significant.

Mr. D'Autremont: — Did they resign or did something else happen?

Mr. Perrins: — I think it was a combination of resignations and the board asking for the resignation of the president, as I understand it.

Mr. D'Autremont: — So the president was asked to resign by the board, and the three principals voluntarily resigned?

Mr. Perrins: — I'm not sure of that. When was that?

Ms. Stonehouse: — I'm trying to remember the time in question. At least one of the principals voluntarily resigned. We would have to check the specific time frames. SIAST has had some turnover in its senior staff since it was established.

Mr. D'Autremont: — I'm just wondering if it was a policy within the department that caused this to occur or whether it was simply circumstances of individuals, as Mr. Perrins suggested, getting a better position some place else that they moved on to.

I'm wondering if it's an event that's likely to occur again. I would suspect it's highly unlikely that three or four people would all get a better job offer at the same time.

Ms. Stonehouse: — I'm unaware of any department policy that impacted on SIAST hiring practices.

Mr. D'Autremont: — Okay. Thank you.

The Chairperson: — Is the board completely responsible for the hiring of these individuals, the principals and the president?

Ms. Stonehouse: — Yes, they are.

The Chairperson: — So it's the board's responsibility to make sure that this is done. And what kind of pressure do you put on now in relation to this observation here? Do you tell them just get busy and do it, or you're going to have your per diems cut if you don't get busy? Or what do you do to make them get to work?

Ms. Stonehouse: — We have asked for reports on their progress in filling positions.

Mrs. Bergman: — A corollary of this line of questioning is the other two points about the capacity to set long-term priorities and new directions as well as lines of authority. How would you characterize the kind of situation now that you've filled, and have a full complement?

Ms. Stonehouse: — SIAST has had a year of stability now. The board has approved a strategic plan for the institution, and they are moving in terms of its implementation. I think, compared to the year in question, that's significant progress.

Mrs. Bergman: — And it begins to fill, from your perspective, what the auditor was asking?

Ms. Stonehouse: — Yes, I think we're seeing the effect of some stability now.

Mr. Perrins: — Yes, I think if you look at it in the context of a long-term plan . . . that the organization has produced a labour-management situation with a reduction in a number of grievances and related issues — all the things that come with people being in place for a period of time, relationships develop, etc.

Mrs. Bergman: — Is that long-term plan a public document that is available for perusal?

Ms. Stonehouse: — I believe it is.

Mr. Perrins: — I think so.

Mrs. Bergman: — Would it be possible to . . .

Ms. Stonehouse: — Yes.

The Chairperson: — Any further questions? Well the committee's ready to receive a recommendation from the committee.

Mr. Cline: — I think, Mr. Chairman, that Mr. Perrins used a good word when he said that positions should be filled expeditiously as opposed to promptly. And I think we should note that the problem has been resolved, and the department agrees that positions should be filled expeditiously, and we'll attempt to see that this is done.

The Chairperson: — Agreed? Okay.

We could go on to 38 and 39, but there's a matter that should be dealt with by the committee here that I don't need the Department of Education for. It's 10 to 10. We'll excuse you and thank you for coming this morning, and we will deal with this other matter. Thank you very much for attending, and Greg will inform you about the next day for being here.

Mr. Perrins: — Good, thank you.

The Chairperson: — If I could, I'll focus the attention on one topic. The regular annual meeting for the Public Accounts Committees is to be held in the House of Commons in Ottawa. And the theme is . . . and that's in September the 10, 11, and the 12. And the theme of the Public Accounts Committee's meeting is to be Public Accounts Committees: can they make a difference?

And is there something that this committee would like to focus their attention on to provide input at that? We should have some information to them by April 7. I think what I'd like to do is have you think about this between now and the next meeting, and then we can see what suggestions you have.

The other thing is . . . I'm not sure it's improper for us to do it, but if we have an election between now and the September meeting, we'll probably have different players in the context of the committee. That's one point.

The second point is, if the committee is dissolved between now and then, and if there isn't a session of the Assembly at that point in time, then there will be some significant

problem there because you have to appoint within the framework of the Legislative Assembly. Unless we can all predict who is going to win, if we have an election between now and September 10 . . .

Mr. Sonntag: — I think we all can; we just might not agree.

The Chairperson: — That's what raises some problems in this. I guess that's something that we will have to consider. And I'm not sure that Greg has an answer, but somebody will have to put together what we can do and what we cannot do and what we should do.

Ms. Stanger: — Mr. Chairman, wouldn't it seem reasonable to make your plans, and if those people are re-elected, then you just proceed. If they're not, then you alter the plan.

Mr. Sonntag: — Except that they have to be reappointed by the legislature.

Ms. Stanger: — Okay. But that's why I mean that you should put the plan in place, plan A, and report it at the legislature. Okay? If half of them aren't re-elected, then I guess you can't go to plan B. Do you put more on if the legislature isn't sitting, but you've still got some of them.

Mr. Sonntag: — No I don't think . . .

The Chairperson: — No, you can't. The day the House is prorogued, there is no committee.

Ms. Stanger: — Oh I see. Okay, I just didn't understand how that works. Well I thought I had a solution, but I guess I don't.

The Chairperson: — Or would that day be the day the House is dissolved? The other thing is that there is a fee of \$125 per delegate, and that is fairly significant.

Mr. D'Autremont: — When does that have to be submitted by?

Mr. Sonntag: — In a number of provinces, they did . . . (inaudible) . . . this year.

The Chairperson: — Yes there's quite a few of them. Well what we should do is put Greg to work to see what the possibilities are for the . . . what we can do, and then we'll be able to discuss in that context what we should do. And

if there's nothing we can do, then it will just be at that.

However, the Public Accounts committees, can they make a difference for that topic? There could be a contribution from the Saskatchewan Legislative Assembly on that if . . .

Mr. D'Autremont: — We can send Greg and Wayne and Brian.

Mr. Putz: — I think Wayne's going anyways because your meeting's . . .

Mr. Strelieff: — At the same time, yes.

Mr. Cline: — I think that we should agree that insofar as we're concerned because we may not have an election, that the chair and the vice-chair should represent the committee. I guess I won't make that motion since I'm the vice-chair, but somebody else could. And then if there is an election and the House is dissolved, I mean that would also be the reasonable procedure to be followed in the event that we were no longer the committee.

And I think what Mr. Putz should do is get advice from the Speaker and the other clerks in terms of what the procedure has been in the past. Maybe in the event an election occurs, the Premier and the Leader of the Opposition would be asked to say who the chair and the vice-chair would be even if the legislature had not yet met because they should have a fair idea.

Mr. Putz: — In the past, the committee has generally authorized two members to go because it comes out of this committee's budget. This trip was budgeted for, and then the caucuses designate the people that they believe they want to appoint to the committee once the committee is formed. But don't hold me to that; that's just my recollection of what happened. I can't confirm that for you.

Ms. Stanger: — That sounds reasonable.

Mr. Cline: — It would seem to be a reasonable way to do it because it wouldn't be that difficult for the Premier and the Leader of the Opposition to decide who they are going to designate.

The Chairperson: — They're going to be the ones to designate it anyway.

Mr. D'Autremont: — If we have an election though, there is no committee in place to make the recommendation to. So how can we send members from a committee that doesn't exist even though we know who may be recommended to the committee when the committee is struck?

Mr. Cline: — Well that's the question that the Chair and I are saying that Mr. Putz is going to have to raise with the Speaker and the other clerks in terms of what the past procedure has been.

Mr. Sonntag: — I'm sure this probably had happened before.

Ms. Stanger: — Sure.

The Chairperson: — Well we can ask Greg to put the information together. We will probably have some reason to discuss this next week again. And if Greg has the information, then we can make some decisions on it. Think about it, and we'll discuss this next week again.

Education next week — same time, same place, 8:30, and we'll see you then. Adjourning motion? Adjourned, thank you.

The committee adjourned at 10 a.m.