



**ALBERTA
OMBUDSMAN**

**A review of the transparency of the
Student Aid Review process
administered by Alberta Innovation
and Advanced Education**

OWN MOTION REPORT

June 2015

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Executive Summary

Alberta administers two funding programs to provide financial assistance to eligible full-time post-secondary students - the Canada Student Loans Program (federal) and the Student Aid Alberta program (provincial). Students submit a single student aid application to Student Aid Alberta to be considered for loan and grant funding from both programs. When students are dissatisfied with a funding decision made by Student Aid Alberta, they have the right to request the decision be reviewed.

On December 9, 2014, I commenced an investigation on my own motion, pursuant to section 12(2) of the *Ombudsman Act*, into the transparency of the Student Aid Review process under section 15 of the *Student Financial Assistance Regulation*, AR 298/2002 (the Regulation), administered by Alberta Innovation and Advanced Education (the Department).

We found there was insufficient information on the Student Aid Alberta website maintained by the Department of the available avenues of review regarding a student loan decision. The student loan award template letters and review decision template letters provided inadequate information about next steps in the review process and what is required to access the process.

According to the Department's 2013-14 annual report, in "2013-14, Student Aid Alberta provided over \$384 million in Alberta student loans to nearly 58,000 students..." This number does not include those applications denied funding, nor does it reflect the total amount of student aid loans applied for and amount denied. The scope of the problem extended to all the public information available to students and their families about what happens when they receive the decision about their application for student loan funding.

While the majority of the student population can be 'tech savvy,' they are less likely to understand the steps required to find information about various government processes when it is not readily available. Like all Albertans, students are entitled to transparency in a review process that could have a significant effect on their future. Their ability to participate in the process is very limited when no guidance is provided about the process.

Within days of launching this investigation, we learned work had already commenced to revise the entire review process to make it transparent and understandable for students. As a result of the willingness of Student Aid Alberta to collaborate and seek our input, a significant number of changes are being made to policy, communication materials such as the website, forms and correspondence templates, and procedures. We are confident these changes will make the Student Aid Alberta review process far more administratively fair.

We will continue to provide oversight on this matter, and will monitor the implementation of the Department's changes. We also stand ready to investigate complaints or concerns related to the review process.



Peter Hourihan, B.Admin, LL.B
Alberta Ombudsman

Background

Student Aid Alberta's website provides information for students seeking to appeal audit findings of overpayments or fraud to the Minister. It also outlines steps required to report a change in circumstances (such as a change in marital status or financial information), as well as a "Quick Tips" document explaining audits.

The Student Aid Alberta Service Centre (Service Centre) telephone line was advertised on the website as the appropriate portal for information regarding student loan questions. After speaking with General Inquiries, our office was advised when applications for student loan funding are denied, a student can submit a letter detailing their concerns. However, there is no guidance offered on the process or the type of reasons and supporting documentation that would be considered. General Inquiries suggested one way of appealing such a decision would be to complete a Change of Circumstance Form for Post-Secondary Studies 2014/2015. The form's instructions indicate it is to be used when students request a review of their application for a number of reasons, none of which are for denial of student loan funding decisions. While the form states it can be used in situations where students are not awarded enough money to cover expenses, there is no consideration for situations where the student has no change in circumstances to report but feels not enough money was awarded. Further, there is no information on this form explaining what happens after the form is submitted, and it is silent about the review process.

There was a previously an internal administrative review process. The Student Financial Assistance Appeal Committee (the Committee) was available to hear certain types of escalated requests for review from students. Other escalated administrative reviews were conducted by the Executive Director, and could be forward to the Assistant Deputy Minister who has the delegated authority of the Minister to conduct reviews outlined in the legislation.

Our process

Correspondence was sent to the Deputy Minister of the Department on December 9, 2014. It contained a list of questions and a request for a meeting with senior staff involved in the administration of the student aid program. On December 17, 2014, we met with the Assistant Deputy Minister of Apprenticeship and Student Aid, Andre Tremblay; the Acting Executive Director of Student Aid, Launa Lebeau; Department legal counsel and other senior staff. We learned the entire review process was already being scrutinized by Student Aid Alberta. The Deputy Minister, Marcia Nelson, was committed to a transparent student aid review process.

The scope of our involvement changed from an active investigation to a review of the plan of action being put in place by the Department to improve the transparency of the student aid review process.

This prompted a series of meetings and discussions with Student Aid Alberta representatives. The production of a draft by Student Aid Alberta of the proposed policy, communication and operational changes was reviewed by our office. Suggestions for enhancements were incorporated into the final version of the review process change development document.

What we learned

Until May 2014, the Committee was available to hear requests for review from students and make recommendations to the Minister when financial assistance was not awarded or less assistance was awarded than what was applied for. The Committee was established to hear appeals of funding decisions on student loan applications under section 15(3) of the governing legislation. It had the authority to make recommendations to the Minister either to uphold, vary or reverse decisions made by the Department regarding student loans. The Committee was comprised of four public members and three student members appointed by the Minister. In 2012-13, the Committee reviewed one funding decision on a student loan application. The Committee was disbanded in January 2014 due to a lack of review requests. A Regulation change in May 2014 formally eliminated this Committee.

Currently, section 15 of the Regulation allows for Ministerial-level reviews of student funding decisions in three specific circumstances:

- (a) the student's application for financial assistance is refused;
- (b) less financial assistance is awarded than the amount applied for; or
- (c) an amount of financial assistance previously awarded has been reassessed by the Minister under section 14(3).

Review process

The Department has had in place for some time a three-level review process. However, the primary problem has been the adequacy of the information provided to students about the existence and structure of this process.

The Level 1 review is a reconsideration process. This gives a student the opportunity to submit additional information not provided at the time of an initial application. Student Aid Alberta staff, with experience assessing student loan applications, review the requests for reconsideration. The reconsideration process serves a dual purpose: first, to report changes in circumstances; and second, to register dissatisfaction with the decision. It is available for students who may not have a change in circumstances to report, as well as students whose entire application has been denied or they have been granted less funding than requested.

Level 1 reconsideration requests must be submitted no more than 30 days before the end of a school term to give program staff time to process the request due to Canada Student Loans program requirements. Requests for reconsideration on denial of funding are prioritized, with a goal of processing them within 10 days (rather than the maximum of 40 days for processing in the improved process which compares to the up to six weeks in the old review process).

The Level 2 review is conducted by the Executive Director of Student Aid Alberta. This occurs when the student is dissatisfied with the Level 1 review. In the new process, students are encouraged to submit requests for a Level 2 review within 60 days of the Level 1 decision. Under the old process, the student needed to submit this Level 2 request prior to the end of the study period. The Executive Director has a broad scope of authority.

The Level 3 review is the section 15 review by the Minister and occurs when the student is not satisfied with the results of the Level 2 review. The Minister granted the Assistant Deputy Minister of Apprenticeship and Student Aid delegated authority to hear appeals of student funding decisions made by the Department. The legislation requires Ministerial reviews to be heard within 90 days. This period is triggered by the decision of the Executive Director at Level 2. In 2013-14, the Assistant Deputy Minister heard one review and made an exception to provide further discretionary loan funding for a student who had exceeded standard loan limits.

Statistics

In 2013-14, the Department received 80,879 applications for student loan funding, and denied 4,503 of those applications. A further 20,325 applicants received less loan funding than requested. There were 9,281 re-assessments either because the student was not satisfied with the amount of funding awarded, or the student provided information about a change in circumstances. For the reporting year 2013-14, Student Aid Alberta provided over \$384 million in Alberta student loans, and a further \$53 million in Alberta grants and bursaries.

Information resources

The Department launched a distinct Student Aid Alberta website (www.studentaid.alberta.ca) on June 15, 2012 which, according to a news release, “takes students through the stages of applying for student loans and grants, getting their money, and repaying their loans...” Statistics suggest over 80 per cent of students who apply for student aid do so online. At the same time, Student Aid telephone calls were outsourced to a third party service provider in an effort to reduce wait times for students seeking information. The Student Aid Alberta Service Centre has 32 agents who take calls from Student Aid Alberta recipients. The centre has other staff who can be brought in to help with high call volumes during peak periods. Student Aid Alberta has established an internal Client Resolution Unit managed by Department staff to provide students in complex situations with further guidance and temporary case management.

The Student Aid Alberta website contains a significant amount of information about the application process, loan repayment, funding for out-of-country study, funding for disabled students, loan agreements and the steps to follow if a student’s application is audited. Students are advised all applications are subject to audit and they are cautioned false or misleading information, or failing to provide requested information, “could lead to financial or legal consequences.”

Students are advised if they experience a change in circumstances after their loan application is submitted or they feel they didn’t receive enough funding, they are to submit a Change of Circumstance form and their application will be re-assessed. The Change of Circumstance form sets out the scenarios when a student can request their application be reviewed:

- A student did not receive enough money to cover expenses;
- A student’s living and/or education costs have changed;
- A student’s income or spouse’s/partner’s income has either increased or decreased; or
- A student’s academic, family or personal situation has changed.

If students continue to navigate through the website, they will find information about a review process under the heading “Ministerial Appeal Guidelines,” with the opening paragraph labeled “Ministerial Appeals of Audit Findings.” The document sets out a three level review process for audits that is similar to the proposed new process and clearly states this process is available to students who wish to “file an appeal of their audit findings, reassessment and resulting overpayment.”

The Student Aid Alberta Program Guide, which we were advised is essentially the resource document used by all Student Aid Alberta staff, provides information about the process for submitting a Change of Circumstance form or letter. This document also advises the Change of Circumstance form may be used to appeal for “additional student aid” or seek a reassessment. A student receiving the maximum amount of loan funding for the study period “will not be eligible for additional student loans.” The Program Guide advises if a student is unhappy with the results of a reassessment, the student can request a second level review. The second level

review is accessed, according to the Program Guide, by a written request to the “attention of Ministerial Review.” There is no other information about the three level review process.

One student’s experience

The investigation team met with a student who outlined her experience with the review process and provided copies of the correspondence she received at various stages. The 2013 Notice of Assessment (document outlining the amount of her student loan) advised she could appeal the assessment by submitting a letter or a Change of Circumstance form within 30 days of the “above end date.” The student understood the end date to be the term date mentioned at the top of the Notice. There was no information about the appeal process on the website, nor was the student able to find a copy of the Change of Circumstance form mentioned in the letter. The student did call the Service Centre and was provided an address where she could submit a letter, which she did. The appeal request was not based on a change in circumstances, but on inadequate funding. The student was notified the appeal was successful in the form of a Notice of Assessment containing the revised loan amount information, as well as the same information about the appeal process. There was no information in the letter explaining why the student was granted the increase.

In 2014, the student received a letter (not a Notice of Assessment) advising she had “received the legislated maximum for this study period” and additional aid could not be granted. However, the letter also contained the same appeal information as in the student’s 2013 Notice of Assessment. She phoned the Service Centre, and the person she spoke with was confused about the program maximums mentioned in the letter. The student had to refer to information on the Student Aid Alberta website.

The student submitted an appeal letter and received a response containing the same information as the first letter, except for the opening sentence: “We recently received information that required us to reassess your eligibility for student aid...” Following that, there was the same sentence as in the first 2014 letter about receiving the legislated maximum funding, then a sentence stating: “The information provided on your Change of Circumstance [the student submitted a letter not a Change of Circumstance form] has been reviewed, as a result there will be no change to your award.” There are several issues with this. Not only did the student submit a letter, and not a Change of Circumstance form, the letter also contained no reasons for denying the appeal, while including the same paragraph about appeals as the first 2014 letter. The student was unaware there are levels of appeal to increasingly senior levels of management. For example, at no time was the student advised they could have filed a complaint with the Ombudsman about the review process.

Changes being implemented by Student Aid Alberta

Our discussions with Student Aid Alberta staff focused on principles of administrative fairness in the type of information provided to students about the review process, and how Student Aid Alberta communicates with students during the review process, with the following results.

- A Student Aid Alberta Review policy has been developed and will be posted on the Student Aid Alberta website.
- The policy will provide specific information about criteria for accessing the review process, how to access each level in the process, who makes the decisions at each level in the process and under what circumstances requests for review can be elevated.
- The Student Loan Limits Policy will be posted, in its entirety, on the website.
- The Student Loan Limits Policy outlines circumstances when a higher annual loan limit may be established for a student.
- A link to the review process will be added to the home page of the Student Aid Alberta website, linking students to the “Request a Review” page.
- The Request for Review page will contain detailed information about the three levels of review, making it clear this process does not apply to an audit appeal and containing a hyperlink to the information about requesting an audit appeal.
- Template letters (such as loan approval or reject letters and loan limit letters) will be designed to ensure the student is aware of the review process; templates will reference applicable policy as required; and templates will contain optional paragraphs which will vary depending on the student’s situation.
- Template review decision letters will be designed to reflect the decision made and the available avenue of recourse to the next level within the review process.
- The Department has made it clear the template letters are subject to change when required for business reasons, but every letter will always provide specific information about the review process. This includes:
 - The existence of the process;
 - How to submit a request for review;
 - Where more information is available about the review process;
 - The level at which the request for review is being managed; and
 - Deadlines for applications for review and processing times at each level.
- A paragraph on the availability of the Ombudsman will form part of the template decision letter at Level 3.
- Application forms for each review level will be available if the student wishes to use them; they will provide specific information about what type of supporting documentation should be submitted.
- Protocols for the Service Centre and the Client Resolution Unit will be re-written to accurately reflect the levels within the review process.
- July 2, 2015 is target implementation date.

Conclusion

Traditionally our formal investigations have involved collecting and analyzing information, formulating conclusions which are presented to the authority and concluding the case either as unsupported or as supported (often followed up with recommendations). This formal investigation evolved into an opportunity for our office to share our expertise in administrative fairness principles with an authority which had recognized the need for amending its processes. Launa Lebeau, Acting Executive Director of Student Aid Alberta, has expressed our input assisted in ensuring the student aid review process is “fair, clear and concise.”

I would like to acknowledge the staff and management of the Department, and specifically Student Aid Alberta, for their willingness to collaborate with our office to improve the Student Aid process. Clarity is an important necessity in administering programs and helping ensure an effective and thorough process. We were pleased with the openness and cooperation extended by staff and managers in all areas of this program and look forward to building on this positive work in the future.

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