

**Final Report to the Standing Committee on Public Accounts:
Ensuring the proper, systematic verification of applications to participate in the
Repayment Assistance Plan (Recommendation 1)**

REQUEST

On November 8, 2023, the Chairman of the House of Commons Standing Committee on Public Accounts wrote to the Deputy Minister, Employment and Social Development Canada (ESDC), requesting a follow-up report of the Department's progress on ensuring adequate and systematic verification of Repayment Assistance Plan (RAP) applicants.

CONTEXT

This recommendation stems from the Committee's study of the Office of the Auditor General of Canada (OAG)'s Spring 2020 report on Student Financial Assistance, which included the same recommendation.

In February 2021, the Standing Committee on Public Accounts produced a report on Student Financial Assistance, which included the following recommendation:

“Recommendation 1 - on the verification of applications - That, by 30 June 2021, Employment and Social Development Canada provide the House of Commons Standing Committee on Public Accounts with a report outlining its progress on ensuring the proper, systematic verification of applications to participate in the Repayment Assistance Plan. A final report should be provided by 30 April 2022.”

On May 31, 2021, the Honourable Carla Qualtrough, former Minister of Employment, Workforce Development and Disability Inclusion, provided a written response to recommendation 1 in response to the request from the Committee for a June 2021 progress report. The response outlined ESDC's work to collaborate with the Canada Revenue Agency (CRA) for the Repayment Assistance Plan - Enhanced Verification Model (RAP-EVM), and committed to preparing a final report. The departmental response to a subsequent request for updates from the Committee in June 2023 provided an update on the work and noted that, due to resource and capacity constraints, unanticipated technical difficulties, and COVID-19 impacts, the implementation of RAP-EVM would be delayed to Fall 2023.

RAP-EVM was successfully implemented on November 12, 2023.

FINAL REPORT

Background

Canada Student Loan and Canada Apprentice Loan borrowers experiencing difficulty repaying their loans, due to employment difficulty or sudden income or family composition changes (e.g., a job loss or a newborn) may qualify for the RAP. The Program's eligibility is based on the previous month's gross monthly family income (borrower and spouse/common-law partner, if applicable), family size, and federal/provincial loan balance. To receive assistance, borrowers must apply to the National Student Loans Service Centre (NSLSC).

The OAG of Canada's Spring 2020 Report on Student Financial Assistance raised concerns that a borrower's family composition is not verified and that income is not sufficiently verified. As such, the report recommended that *"to maximize repayment of student loans, Employment and Social Development Canada should ensure proper, systematic verification of applications to participate in the Repayment Assistance Plan."*

Prior to the implementation of RAP-EVM in November 2023, ESDC used a sample-based income-verification process to verify RAP applications, whereby an applicant selected for verification would be required to provide documents (e.g., paystubs, earning statements, record of employment forms, etc.) to prove the accuracy of their declared income. The department acknowledged the challenges of this verification process, especially given that other declared information, such as marital status and number of dependants, was not verified.

Consultations

Over the last two years, ESDC collaborated with the CRA and the NSLSC to implement RAP-EVM, which will allow ESDC to verify the information provided by RAP applicants against their recent CRA income tax data, using a systematic sampling model to select applicants for verification.

ESDC also consulted provincial and territorial partners regarding the operational details of the enhanced verification process through the Intergovernmental Consultative Committee on Student Financial Assistance (ICCSFA) and the Repayment Committee (an ICCSFA sub-committee).

Memorandum of Understanding (MOU) with CRA

On November 28, 2021, the MOU which enables information to be exchanged between CRA and the NSLSC (on behalf of ESDC), was finalized: it documents the information to be exchanged, the applicable legislative authorities and conditions, and the roles and responsibilities of each department.

Implementation

RAP-EVM was fully implemented by the NSLSC on November 12, 2023. The information declared by RAP applicants is now being verified against an authoritative source (i.e. CRA taxpayer information).

Conclusion

The implementation of RAP-EVM has strengthened the integrity of RAP by verifying the factors that impact RAP eligibility (i.e. family income, family size, and marital status) against an authoritative source, which will help better ensure that only eligible applicants receive RAP benefits. Consequently, the enhanced verification process will also help maximize the repayment of student loans and address the OAG's recommendation to ensure proper, systematic verification of applications for RAP.