The Post-Secondary Student Support Program: An Examination of Alternative Delivery Mechanisms

A Report to the Indian and Northern Affairs Canada

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Contents

Introduction................................................................................................................................................... 4

Part I – Barriers to Post-Secondary Education for First Nations and Aboriginal Students....................... 5

Part II – The Post-Secondary Student Support Program (PSSSP) ............................................................... 10
  Program Description ............................................................................................................................... 10
  Program Limitations and Priority Areas for Remediation .................................................................... 11

Part III – Options for Change in PSSSP Program Delivery .................................................................... 16
  Option 1: Status Quo with Improvements in Accountability ................................................................. 19
  Option 2: Administration by Regional First Nations Education Organizations ...................................... 20
  Option 3: A pan-Canadian Aboriginal Educational Foundation ............................................................ 23
  Option 4: Administration by Indian and Northern Affairs Canada...................................................... 26
  Option 5: Administration by Human Resources and Skills Development (HRSD) Canada ............... 28

Bibliography................................................................................................................................................. 30
Introduction

The purpose of this document is to examine the Department of Indian and Northern Affairs Canada (INAC)’s Post-Secondary Student Support Program (PSSSP) and analyse the advantages and disadvantages of both the existing system of program delivery and a trio of alternative delivery mechanisms. It does not issue any recommendation with respect to a preferred model of program delivery; rather, the intention is to lay out the challenges involved with each mechanism in a consistent and fair manner, and allow readers to draw their own conclusions with respect to the feasibility and desirability of each option.

Of course, policy does not exist in a vacuum. For this reason, the first two-thirds of the document deal with the context in which the PSSSP exists. Part I provides a brief overview of recent research findings on the subject of access to Post-Secondary Education (PSE) among Aboriginal Canadians and in particular examines the numerous barriers to increased PSE participation for Aboriginal Canadians, and tries to place in context the degree to which financial barriers (as opposed to attitudinal, aspirational or academic ones) act as a brake on the closing of the gap in participation rates between Aboriginal and non-Aboriginal Canadians. Part II looks at the PSSSP itself, and in particular some of the more persistent criticisms of the program, and identifies some of the key issues that need to be dealt with in future. Only once these issues are examined does the paper move, in Part III, to examine alternative delivery mechanisms.
Part I – Barriers to Post-Secondary Education for First Nations and Aboriginal Students

While participation rates of Aboriginal students within Canada’s post-secondary education system have significantly increased over the past 20 years, Aboriginal students are still far less likely to enter a post-secondary program or institutions compared to their non-Aboriginal peers. Indian and Northern Affairs Canada (INAC) supported 3,600 post-secondary students in 1977-78. This number increased to 27,000 in 1999-2000 and is projected to increase a further 26% by 2010¹. Although participation rates are growing among Aboriginals, these individuals are still significantly under-represented in Canada’s post-secondary educational system. According to the 2006 Census of Canada, 32 percent of Aboriginal peoples 25-34 years old had not completed high school, compared with 10 percent of non-Aboriginal Canadians of the same age. In terms of university attainment, only 3 percent of those with Registered Indians status had a university degree, compared to 6 percent of the broader Aboriginal identity population and 18 percent of the entire population.

The importance of accessibility and participation for these students will only grow in the next few years, when the Aboriginal 20 to 24 age cohort is expected to peak (Holmes, 2005). The 2006 census showed that 242,490 individuals self-identify as Aboriginal, with about two-thirds identifying as First Nations and 30% identifying as Métis. This represents a 28% increase in population since 2001, compared to a 6% increase in the non-Aboriginal population over the same period. As in previous years, this number is probably something of an undercount – Statistics Canada has traditionally had some difficulty enumerating on-reserve populations. While the population is spread over the entire province, Aboriginal peoples are increasingly concentrated in urban centres. Given that Aboriginal peoples are the fastest growing segment of the Canadian population, providing access to this demographic has both economic and social benefits. The economic returns for Aboriginal people to invest in post-secondary education are considerable. In Education and Lifetime Income for Aboriginal People in Saskatchewan, Eric Howe calculates the financial benefits over the course of a lifetime for Aboriginal persons who complete high school and continue on to post-secondary education. Howe’s research shows that for Aboriginal males, the financial benefits of attending college are almost as significant as the financial benefits of attending university. For Aboriginal females, college offers far fewer financial benefits than university.

¹ This number does not include Métis, Aboriginal Peoples of non-status, or Aboriginal Peoples with status not receiving INAC support.
### Table 1: Lifetime Economic Benefits of Post-Secondary Education (from Howe, 2002)

<table>
<thead>
<tr>
<th>Educational Attainment</th>
<th>Male Lifetime Earnings</th>
<th>Female Lifetime Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>No high school diploma/equivalency</strong></td>
<td>$344,781</td>
<td>$89,502</td>
</tr>
<tr>
<td><strong>High school diploma/equivalency</strong></td>
<td>$861,636</td>
<td>$284,350</td>
</tr>
<tr>
<td><strong>Non-university PSE institution/technical school</strong></td>
<td>$1,191,146</td>
<td>$646,904</td>
</tr>
<tr>
<td><strong>University</strong></td>
<td>$1,386,434</td>
<td>$1,249,246</td>
</tr>
</tbody>
</table>

However, it is the achievement of educational certification – in the form of a secondary school diploma, a trades certificate, a college diploma, or a university degree – that is the key to earnings success (Hull, 2005). Relying on 2001 census data, a study of post-secondary education and labour market outcomes conducted for Indian and Northern Affairs Canada shows that the employment and income characteristics of Aboriginal people with a certificate are substantially better than those without a certificate (Hull, 2005). There is no comparable benefit for those who have completed some post-secondary education but have not received any certification.

Recent research from the Centre for the Study of Living Standards suggests that if the gap in educational attainment between Aboriginal and non-Aboriginal Canadians were to close by 2017, an additional $71 billion could be injected into the economy (Sharpe et al., 2007). As declining enrolment among Canada’s non-Aboriginal secondary school population limits the pool of potential high school applicants to PSE, the efforts of post-secondary institutions to recruit and retain Aboriginal students will become increasingly important. Of even greater significance, encouraging Aboriginal access to, and participation in, PSE will enhance the employment prospects and socio-economic status of Aboriginal peoples, improving their quality of life and contributing to Canada’s social and economic prosperity.

While the social and economic benefits of increasing access to and persistence in all types of post-secondary for the Aboriginal population are clear, there are, however, a number of factors that combine to create barriers to both access and persistence in post-secondary education for Aboriginal learners. Malatest and Associates, Ltd. (2004) argued that the key factors impacting persistence and completion among Aboriginal people are family and personal issues. As many Aboriginal students must relocate, often to urban centres, away from their home communities, and carry with them complex family obligations and responsibilities, the challenges they face are much greater than those faced by many non-Aboriginal students (see Holmes, 2005). On average, older than other students, Aboriginal students also are more in need of child-care services and tend to have more pressing financial needs, which simply add to the overall pressure of attending and completing PSE.

Like other under-represented learners, barriers to university and college participation may be both financial and non-financial for Aboriginal people. Non-financial barriers include personal factors such as a lack of self-confidence and motivation, lower high school grades, lower levels of parental education and parental expectations; institutional factors such as a lack of understanding of Aboriginal culture on campuses and the experience of racism on campus; all compounded by the history of forced assimilation through non-Aboriginal educational institutions (Canadian Policy Research Networks, 2002; Holmes, 2005; Mendelson, 2006; Canada Millennium Scholarship Foundation, 2006; Junor and Usher, 2004;
From a retention perspective, the literature demonstrates that there are a number of characteristics of “high-risk” students, that is to say at high-risk of not persisting, including: low socio-economic background, lower academic achievement levels, more likely to be a mature student, and to have children (Arnold 1999). Canada’s Aboriginal population shares many of these characteristics, with low-income status remaining a persistent challenge and with an academic achievement gap between non-Aboriginals even before post-secondary studies (Wotherspoon & Schissel 1998). Additionally, demographically Aboriginal students in Canada are more likely to be older and have children. These interacting factors represent a series of retention barriers for Aboriginal learners.

From a financial perspective, inadequate financial resources, or the need to work to pay for higher education, have been cited as primary reasons for the inability to complete post-secondary studies. One in three Aboriginal Canadians cited financial reasons such as the requirement to work, as a reason for not completing their post-secondary schooling (Statistics Canada, 2001). However, financial difficulties were not the only factor – family responsibilities were cited as another major reason for inability to complete post-secondary studies.

Though financial barriers are often described in terms of the limited funding available through the Post-Secondary Student Support Program, it is also true that a significant number of Aboriginal students do not receive any financial support because they are ineligible. The majority of funding from INAC is available only to status Indians, while non-status Indian and Métis students are unable to access this money (though they remain able to access the many federal and provincial student assistance programs available to all Canadians). These students face many of the barriers faced by status students, without any ability to access public financial support. Thus, Aboriginal students are more likely to access private funding than non-Aboriginal students (Holmes, 2005). There are a variety of disadvantages to this form of funding, including interest payments while in-study and no interest subsidizations.

Culture and cultural preservation may also play an important role in the ability of young Aboriginals to move into and advance through higher education. Like many from predominantly rural backgrounds, Aboriginal students who complete higher education may be tempted to remain in urban regions where their earning power is significantly enhanced. This is particularly true of graduates who have accrued student debt. Consequently, this presents challenges for non-urban Aboriginal communities in retaining their university-educated members. This is a serious problem for communities struggling to stimulate economic development and maintain the integrity of their culture. Thus, this may act as a disincentive for many potential students in the pursuit of higher education.

Aboriginal peoples have historically faced – and continue to face – significant barriers to accessing and succeeding in elementary, secondary, and post-secondary education. According to the most recent (2006) census data, the proportion of Aboriginal peoples with post-secondary education qualifications (including trades and apprenticeships) was only 34.5%, compared to 43.7% with less than a high school education and 21.8% with a high school diploma. Just 7.3% of Aboriginal peoples aged 25 and over had a university education, compared with 20.8% in the non-Aboriginal population. Among North American Indians specifically, the gap was slightly higher.

There is strong evidence to suggest Aboriginal students do not receive adequate educational preparation for university and college studies. Aboriginal students who do complete high school face
many other academic barriers, including the lack of academically-based role models and the inability to advance due to weak academic foundations developed in secondary school. Aboriginal students educated in northern or reserve schools are often found to be one to two years delayed in their academic skills. It has also been found that Aboriginal students who do graduate high school are less likely to have completed courses in mathematics, sciences, and computer literacy. Thus, many Aboriginal students may be entering post-secondary education at an academic disadvantage.

If these are the barriers, what can be done to overcome them? There is a surprisingly small amount of information on “what works” in any kind of scientific sense. Actual impact studies of policy interventions in favour of Aboriginal students are virtually non-existent. The best that can usually be summoned as “evidence” is the collected wisdom of front-line workers in the area (which should not be ignored, but must be accepted with a grain of salt since they usually have a significant stake in the continuation of existing programming).

Two seminal studies on Aboriginal participation in PSE are by RA Malatest & Associates, in reports to the Council of Ministers of Education of Canada (Malatest, 2002) and the Canada Millennium Scholarship Foundation (Malatest, 2004) reviewed initiatives in Canada, the United States, Australia and New Zealand to increase Aboriginal participation in PSE and found common interventions to overcome barriers to Aboriginal post-secondary education across the four countries:

- Government funding of Aboriginal postsecondary education;
- Grants, scholarships, and bursaries specifically for Aboriginal people;
- Aboriginal educational institutions, whether affiliated with larger institutions or independently operated;
- College and university programs that actively promote and support Aboriginal postsecondary education;
  - Active recruitment of Aboriginal people
  - Transition courses
  - Widening of entrance criteria to include non-academic factors
  - Ongoing support throughout programs of study
- Community delivery to allow postsecondary education to be offered within or closer to Aboriginal communities;
- Creation of programs geared specifically to Aboriginal people, such as Aboriginal law, health, and education programs;
- Support services that focus on the particular needs of Aboriginal people at the postsecondary level, such as through the use of Elders;
- Development and usage of Aboriginal curriculum and culturally sensitive materials and pedagogies;
- Alternative assessment for Aboriginal students;
- Strengthening of Aboriginal literacy and language skills, both in traditional Aboriginal languages and in English and French.

In sum, then, there are a variety of barriers to increased PSE participation among First Nations and Aboriginal peoples, of which financial barriers are just one. Though clearly insufficient on their own to
erase the gap in participation between Aboriginal and Non-aboriginal Canadians, programs which assist students with their finances are necessary parts of the policy tool-kit and need to be run as efficiently and effectively as possible in order to assist as many people as possible. It is to this issue that we now turn.
Part II – The Post-Secondary Student Support Program (PSSSP)

Part I examined the issue of access to Post-Secondary Education and concluded that while costs represent an important barrier to post-secondary education for many First Nations people, it is certainly not the only barrier or even necessarily the most important one. It is, however, the only barrier which is being specifically addressed through a national program to assist First Nations students.

Program Description

The Post-Secondary Student Support Program (PSSSP), which currently issues in excess of $300 million in non-repayable financial aid for First Nations students attending eligible colleges and universities in Canada and abroad, has been in existence since the 1970s. Since the early 1990s, it has been under the administration of individual First Nations, who receive the funds from INAC regional offices and allocate it based on National Program Guidelines drawn up by INAC’s Education Branch. Financial support under the PSSSP and UCEP components of the Program is intended to cover the costs of tuition, books, supplies, travel and living allowances for students and their dependents. As well as the costs of providing tutorial, guidance and counselling services to eligible students enrolled in post-secondary education programs.

In terms of the legal basis under which funds are transferred from INAC to individual First nations, “the department uses various funding authorities to implement the Program. PSSSP and UCEP funding is provided to recipients funded through a Comprehensive Funding Arrangement (CFA) as a Flexible Transfer Payment (FTP) and to recipients funded through a Canada/First Nations Funding Agreement (CFNFA) as an Alternative Funding Arrangement (AFA). The use of these funding authorities is consistent with the Program Terms and Conditions as well as the FTP and AFA Terms and Conditions” (Audit of the Post-Secondary Support Program, page 5)

However, while PSSSP funding is available across the country, this does not mean that there is a national funding formula. Instead, the different regional offices of INAC use different formulae to distribute the money. As stated in a recent report: “Regional visits and funding agreement files examined confirmed that while CFNFA funding increases are formula driven, and that the increases apply to all programs included in the funding “block” (including the Program), the CFA allocation model for the Program varies by region. In two of the regions visited, Program allocations are based on the 18 – 34 age cohorts in each recipient and in the region as a whole. Another region allocates Program funds based on the prior year’s funded amounts, retaining annual Program increases in a pool and allocating the funds to only those recipients that are able to demonstrate unfunded demands (wait-listed students). Lastly, another region allocates Program funds to recipients based on their prior year’s audited eligible expenditures and allows them to apply for additional funds from the pool of Program funds that remains unallocated, assuming they can demonstrate demand. The amounts disbursed to recipients by the regions are

2 Financial assistance for tuition, compulsory student fees and required books may be provided to students without limits. (at Canadian public institutions - normal tuition and fees; at Canadian private institutions - normal tuition and fees at the equivalent public program nearest the students’ residence; at foreign institutions – normal tuition if no equivalent, otherwise as per Canadian privates).

3 In addition to assistance to individuals through PSSSP, INAC also manages a program known as The Indian Studies Support Program (ISSSP), which provides assistance to institutions for the purpose of designing and implementing PSE programs which are culturally sensitive in meeting the needs of First Nations people.
Program Limitations and Priority Areas for Remediation

As noted in Section 1 of this paper, barriers to PSE access for First Nations are multi-faceted. Because PSSSP is simply a financial aid program and does not touch any of the other barriers which exist, it should not be thought of as a cure-all for access problems; even with double or triple the current funding, the program might not necessarily raise the participation rate significantly because of the existence of other, possibly more serious barriers to attendance. Nevertheless, it remains important that the PSSSP function in a way that allows it to achieve the maximum impact with the tools available to it (namely, non-repayable financial assistance).

There are, broadly speaking, three sets of problems that are regularly identified with the current PSSSP system. The first set of problems is related to weaknesses in program oversight and accountability, and have been identified regularly by repeated internal audits and programs and evaluations. The second problem has to do with stagnating resources per eligible recipients. The third has to do with fairness in administration and in particular how issues of rationing are dealt with in the absence of clear policy direction from INAC. We will now look at each of these areas in turn.

1) Weaknesses in program oversight and administration.

The PSSSP is distributed slightly differently in each of INAC’s regions, but the basic principles are the same: PSSSP is a block grant delivered to First Nations by INAC’s regional offices. The monies delivered under this grant are designed to be provided as non-repayable assistance to eligible students. However, regular audits of the PSSSP have consistently found a number of problems surrounding the delivery of the program. These include:

- **Internal Governance.** Reports such as Evaluation of the PSE Program (2005), the Evaluation of the PSE program (2005) and the Audit of the PSE Program (2009) have repeatedly noted that there is a lack of structure within INAC to deal with this program. There is little education or support of staff who are required to implement the program, and this in turn leads to inconsistent advice to bands in implementing the program.

- **Accountability and Performance Measurement.** Reports have repeatedly noted that lack of a strong accountability structure, either in terms of setting realistic performance measurement standards for the program as a whole, or in bands providing details of expenditures to INAC. In the latter case, the 2009 audit found many cases of bands authorizing expenses which were outside the program framework (though this, obviously, may have been the result of lack of training as well)

Clearly, part of the problem that has been identified is internal to INAC. But the consistency with which issues related to accountability and unauthorized spending has been identified suggest that the problem may in fact be something endemic to this kind of program delivery. Many First Nations are quite small, and have fewer than a thousand residents. This is about the size of a medium-sized secondary school in large Canadian cities. Yet they are expected to be able to run dozens of programs, some of which are quite complicated and which collectively have program and policy manuals which run to the thousands of pages. These programs are accompanied by accountability regimes, which means that not only does each band need to run a large number of programs, but they need to fill in quite daunting amounts of paperwork for each one as well. The technical
capacity to do this effectively simply may not exist at all First Nations, and is especially unlikely to exist in communities that are small, remote and have low average levels of education. This is not a weakness of the PSSSP; it has also been noted in the field of health provision, among others⁴. At this point in First Nations’ development, this lack of capacity is an on-going challenge which is unlikely to be fully solved by any action from the Education Branch.

2) **Stagnating resources per eligible recipient.**

As has frequently been noted by First Nations themselves, the amount of money available under the PSSSP has stayed roughly constant, in real dollars, over the past fifteen years. However, at the same time, the change in Aboriginal demographics means that more First Nations youth are becoming qualified to attend PSE. Educational costs have also tended to rise by more than inflation. With money roughly steady in real terms, this increase in demand and increase costs must mean either that average aid is being reduced in some manner, or that the number of people being assisted is being reduced, or some combination of the two. In short, rationing is required. The dilemmas created by rationing will be examined in the next section. But what is important to note is that a change in administration is not going to change the dilemmas involved with rationing; they will continue to exist and, unless the status quo is kept, more explicit decisions will have to be made about rationing.

3) **Fairness in rationing.**

With not enough money to go around, there are only two ways to ration scarce dollars: either reduce the amount of aid available to each student or reduce the number of students assisted. This, of course, is a fundamental policy decision in the administration of PSSSP. Yet rationing is not a subject addressed by the PSSSP’s National Program Guidelines. While the Guidelines do specify how to calculate the maximum aid available to each student, it does not make any suggestions about how one might give out less than the maximum. Nor does it make any suggestions about how to prioritize between students. This is an area in which First nations have not been given any policy direction and have as a result each made their own policy in this area.

In the absence of any clear guidelines about how to ration money, First Nations have each has to create their own policies on rationing. Remarkably, there has never been any studies produced that document these rationing policies so there is literally no way to determine, nationally, which students are receiving priority and which are not. Anecdotally, the most common (but by no means universal) practice with respect to rationing appears to involve the creation of a number of “tiers” of students, with “promising” students (variously defined, but usually meaning students leaving secondary school and going directly to PSE) given top priority for money annually. Students with previous records of non-completion at the post-secondary level tend to end up at the bottom of the priority list and can only receive money if there is any money left over after all other eligible candidates have been given money.

Though the system of prioritization may vary from one First Nation to another, what does not seem

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to vary is the fact that once a student is admitted to PSSSP funding, the student is given the maximum allowable funds in the form of grants. In effect, First Nations go down the priority list giving out the maximum amount of money possible to each student until available funds are exhausted. There is no attempt (so far as can be ascertained) to spread smaller amounts of money to larger numbers of students. In effect, most First Nations seem to place a higher priority on maintaining full funding for those students selected to receive funding than on maintaining recipient numbers. Thus, as costs have risen while the amount of money available has stayed more or less stable, the number of people receiving PSSSP has fallen.

These three issues are central to any renewal of the PSSSP; regardless of what administrative form the PSSSP eventually takes, the program will not succeed unless the program design takes account of their effects. As a result, any new program will have to be designed with three things in mind: scale, rationing, and innovation and additionality.

1) The Importance of Scale in Administration

The day-to-day management of the PSSSP is in the hands of employees of hundreds of First Nations band councils. However, almost none of these people devote much of their time for to the program; PSSSP is usually just one of a number of often fairly complex programs that have to be managed and reported upon. These are not ideal circumstances in which to be managing programs that touch on complex areas such as education. Dr. Michael Mendelson (2008), in a recent paper, quoted Dr. Harvey McCue, a First Nations educator, cofounder of the Native Studies Department at Trent University and first Executive Director of the Mi’kmaq Education Authority (among many other accomplishments), as follows:

“How can any serious observer or bureaucrat reasonably expect all 680 or so bands, the majority of them with fewer than 1,000 residents and situated in rural and remote locations, to manage effectively an education program with limited and inexperienced internal resources in the absence of anything even remotely resembling a system of education?”

Though McCue was talking about the provision of K-12 education, the problem really extends to many areas of program management, including student financial aid for post-secondary education. The current system, by relying on band-level administration, is by design far less efficient and effective than it might be.

2) Solving the Rationing Problem

One of the clear challenges that would exist in any scheme to re-design the PSSSP would be the requirement to either ratify or modify this rationing scheme. Currently, all INAC decides with respect to the allocation of PSSSP is how to allocate money between First Nations. If authority to administer the program were statutorily given to some form of alternative delivery or held within the Government of Canada itself, direction would immediately be needed on how to allocate money within the $314 Million across all eligible First Nations students. Indeed, a general decision on the primary allocation mechanism – need, merit, or some combination of the two – probably would have to precede the decision about alternative delivery, as the optimal organizational form for effective delivery of need-based aid may be quite different from that of merit-based aid.
3) **Innovation and Additionality.**

A final issue with the current administration of the PSSSP is the seeming inability of the system to leverage extra money for First Nations students from external sources. Historically, there has been an understandable reluctance on the part of First Nations to deal with mainstream student assistance because of the way it was based primarily on loans; even when grants that might have significantly benefitted first nations students (e.g. the Grant for Students with Dependants) were offered, they were usually unobtainable without first having borrowed considerable sums of money. However, recent developments in student assistance have changed this dramatically.

There is, for instance, the issue of Registered Education Savings Plans (RESPs), Canada Education Savings Grants (CESGs) and Canada Learning Bonds (CLBs). A substantial portion of First Nations children would qualify for the CLBs (which are available to families whose incomes are below the NCB supplement line. The CLBs which provide an initial grant of $500 into an RESP and $100 per year thereafter (plus any accumulated interest), could provide over $2000 per student if First Nations children were being systematically enrolled at birth (something it is well within the power of a competent First Nations authority to do).

Or, more dramatically, there is the new Canada Study Grants for Low-Income Students. Again, the vast majority of First Nations students will benefit from this grant of $2,000 per year (receipt of which is not tied to borrowing) – but will not unless they apply for mainstream assistance. If every First Nation ensured that every one of its PSSSP recipients applied for and received this money, it would mean an extra $46 million in money for First Nations students with no increase whatsoever in PSSSP funds.\(^5\) If this money were deducted from existing allowances and used to expand funding to students on waiting lists, it could fund roughly 3500 students per year nationally at the existing funding average of just over $13,000 per PSSSP recipient. This would substantially reduce and in some areas eliminate current waiting lists.

And there are other ways to expand available funding. Closer co-operation between PSSP providers and educational institutions themselves, many of which have substantial funds devoted to attracting students from backgrounds which are underrepresented in post-secondary education, might also be a way to find additional money for First Nations’ students. And, as the experience of the National Aboriginal Achievement Foundation shows, there is at least some appetite in the private sector to fund scholarships for First Nations students. At present, this is not being tapped to any serious degree by bands.

The point of this is not to critique the administrators of PSSSP funds; as noted above, post-secondary education is not their administrative specialty and they usually face multiple urgent and competing pressures on their time. But it is to suggest that as long as the system of funding is required to be in the hands of people who cannot devote themselves fully to the tasks of finding ways to innovate and provide additional funds to First Nations students, then opportunities to enhance student funding will inevitably be lost.

With this in mind, we can now shift our attention to the actual delivery of the PSSSP and the extent to

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\(^5\) 23,000 students receiving PSSSP funds x $2,000 each = $46 million
which different possible delivery models might improve the ability of the program to assist students in attending and completing post-secondary education.
Part III – Options for Change in PSSSP Program Delivery

As noted above, recent investigations into the functioning of the PSSSP have led to some searching questions about the program. In part, these questions are about the efficacy of the program design itself: are grants of the size and nature being given out by PSSSP in fact the right way to improve PSE access. For example: would smaller grants, given to more people and perhaps supplemented by other non-PSSSP assistance, be more effective in raising attendance rates? Would spending money on more community delivery of PSE into First Nations communities be more effective than providing money to go to students in larger institutions?

But they have also led to serious questions about the administration of the current program and whether the current monies, administered independently by several hundred first nations with varying administrative capacities are being used in the most effective manner possible.

In this section we will examine five possible administrative arrangements for the future of the PSSSP. These five possible arrangements are:

1) **Status Quo.** Continued administration by individual First Nations with some modifications to address, as far as possible, concerns raised by various audits and reports.

2) **Administration by Regional First Nations’ Education Organizations.** Under this option, PSSSP monies would be administered by a First Nations education organization which is above the level of the individual First Nation. To use the terms of the Royal Commission on Aboriginal Peoples and its suggested four-level structure for K-12 education, such an organization would be situated either at the level of an Aboriginal Nation (of which there are between 60 and 80 in Canada) or at a “Multi-Nation” level which could either be at the level of a Treaty organization or at a provincial level (e.g. Saskatchewan Indian First Nations). A number of such First Nations educational organizations already exist in various parts of the country (e.g. the Mi’kmaw Kina’matnwey in Nova Scotia); a list of such organizations may be found in and are listed in McCue (2006).

A recent paper by the Caledon Institute’s Michael Mendelson (2008) has explained how providing these organizations with additional powers would help to improve K-12 education by giving them scale and funding to provide administrative and curricular services which are routinely provided by school boards in the mainstream system but are currently lacking in First Nations school. The idea of these Aboriginal educational entities is that since they would be run at a higher level (and thus a commensurately larger scale) than that of the individual First Nation, they might be expected to have greater independent administrative and policy capacity than that available at a typical First Nation. If such an approach were adopted it might make sense to charge these organizations with responsibilities in the post-secondary sphere as well and in particular with respect to management of the PSSP.

3) **Administration by a pan-Canadian First Nations Foundation.** Under this option, PSSSP monies would be administered on a pan-Canadian basis by a non-governmental entity. This non-governmental agency could be an existing entity such as the National Aboriginal Achievement Foundation, which already administers $22 million worth of endowments from the Government.
of Canada as a result of actions taken under the 2003 and 2005 federal budget. Alternatively, it could be a newly-created entity created specifically for the purpose of managing the PSSSP, in much the same way that the Canada Millennium Scholarship Foundation\(^6\) was created by the Government of Canada to manage a new set of grants in the late 1990s.

Funds for the PSSSP could be transferred to an Aboriginal Educational Foundation either on an endowment or an annual basis (the Canada Millennium Scholarship Foundation was funded on an endowment basis, but this is not a requirement of the Foundation model; similar alternative delivery mechanisms have depended upon annual grants from Parliament. Spending and performance could be monitored through public reports to Parliament).

4) **Direct Administration by Indian and Northern Affairs Canada.** Under this option, PSSSP monies would be administered on a pan-Canadian basis directly by the Indian and Northern Affairs Canada.

5) **Direct Administration by Human Resources and Skills Development Canada.** Under this option PSSSP monies would be administered on a pan-Canadian basis directly by Human Resources and Skills Development Canada, which as of 2009 is administering roughly $400 million of grants each year through the Canada Student Loans Program (CSP).

For the sake of consistency, it will be assumed that the policy for the distribution of PSSSP remains unchanged: that is, that it remains exclusively a program of non-repayable grants. As we saw in section II, this may not in fact be the best use of the money, but for simplicity’s sake in looking at the administrative arrangements, it is best to hold this variable constant. We will also assume for simplicity’s sake that the program will remain roughly constant in size at slightly over $300 M per year.

Each of the above four options will be examined according to the following criteria:

**Efficiency.** How efficient is each proposed administrative arrangement likely to be in terms of delivering aid to recipients?

**Accountability.** Most of the recent audits have highlighted lack of accountability of recipients (by which they mean First Nations, not individual students). What would the accountability arrangements be for each administrative arrangement?

**Capabilities for Innovation.** To what extent would each administrative arrangement allow for innovation, and in particular, the securing of partnerships that might be of benefit to First Nations learners?

\(^{“Indian Control of Indian Education”}. A longstanding desire of First Nations has been to maintain and strengthen their control over their own education system. As a result, it is important to examine the

\(^6\) The Canada Millennium Scholarship Foundation was created by an Act of Parliament (C-36) in 1998. The act created a private, arms-length entity for the purposes of providing financial assistance to students who demonstrated both financial need and academic merit. The Foundation was given an initial endowment of $2.5 billion and a mission to distribute this endowment over a period of ten years. The last grants are being given out in 2009 and the Foundation will shut its doors in early 2010.
extent to which each possible administrative arrangement might help or hinder this goal.

The purpose of examining these four administrative options is to provide a series of observations about the strengths and weaknesses of each. No recommendation on the four options is contained in this paper; rather, the reader is invited to judge the strengths of each of the four options on their merits.
Option 1: Status Quo with Improvements in Accountability

Description:
Continued administration by individual First Nations with some modifications to address, as far as possible, concerns raised by various audits and reports.

Advantages:
- Retains a system which has wide support among major First Nations organizations
- No transition costs to a new system; no need to communicate new arrangements to clients
- Retains the principle of “Indian Control of Indian Education”

Disadvantages:
- Unclear whether problems raised in government audits and reports can in fact be addressed given basic limitations on First Nations’ administrative capacity.
- Current system is not especially efficient
- No evidence to date that current system is capable of generating innovation.

Challenges in Implementation:
While a status quo does not require implementation per se, making changes that would address the concerns repeatedly raised by audits and evaluations would do so. The main challenges include:

- Providing greater clarity around policy and procedures, as well as a more precise statement of program goals and performance indicators.
- Greater training of personnel, both within the department and to band administrators, in the delivery of the PSSSP.
- Greater oversight of expenditures to ensure that payments do not end up subsidizing non-eligible expenditures
- Greater investment in data-collection to support a performance monitoring system

Some of these activities – particularly around performance measurement and data collection – will likely need to be done regardless of what delivery mechanism is used. However, problems with respect to training, data collection and prevention of non-eligible expenditures are clearly going to be the most difficult challenges here, given the large number of band administrators who would need training and whose work needs to be overseen, and the limits of data collection ability in small First Nations.
Option 2: Administration by Regional First Nations Education Organizations

Description:

Under this option, PSSSP monies would be administered by a First Nations education organization which is situated above the level of the individual First Nation.

Advantages:

- Retains the principle of Indian control over Indian Education, albeit not at the level of the individual First Nation
- Some economies of scale are likely.
- Larger institutional capacity might improve policy-making, as well as increase the capacity to innovate and capture additional funds for students

Disadvantages:

- Though these “second and third level” organizations do exist across the country, they vary widely in size, scope and policy/administrative capacities. Their coverage is uneven; not all regions of the country have one. Even in regions where they do exist, not all First Nations choose to participate in them. Thus, the scope for adopting this arrangement on a national scale may be difficult in the short term, though pilot projects on a regional or provincial scale may be possible.
- It is unclear if First Nations would accept the notion of these new entities delivering post-secondary student assistance, as they would reduce the powers which accrue to individual First Nations.\(^7\)
- Transition to a new system will undoubtedly cause short-term problems with clients

Challenges in Implementation:

There would be a number of challenges in implementing such an option, including:

Setting the Objectives and Mandate of Such Entities in the PSE field: Though these organizations already exist in various forms across the country, they are not at present purposed with improving PSE access. A fairly detailed policy discussion and consultation would be required in order to determine what their responsibilities in the PSE field could be and how accountability arrangements would work.

Passing the necessary legislation/regulations: INAC does not at present have the authority to pass PSSSP monies to any intermediary agency such as a Regional Education Organization. A set of legal and regulatory changes would to make this system work. This could happen on its own, or it could happen as part of a more general effort to strengthen these organizations along the lines suggested by Michael Mendelson in his recent paper on First Nations Education Authorities.

\(^7\) That said, correspondence from AFN to INAC dated January 2008 on the subject of Alternative Delivery of PSSSP does envisage REOs as one of a number of possible options to deliver PSSSP funds, so it is clearly not “off the table” as an option.
Ensuring appropriate governance and inclusiveness of the organizations: One of the key barriers to making this option work is the fact that at present coverage of these organizations is not universal. For these organizations to represent a workable solution over the medium-to-long term, either in the K-12 or PSE fields, political solutions will need to be found that will allow all First Nations to participate democratically within them. In addition, a set of agreements or arrangements would need to be made outlining the responsibilities of the regional education organizations in terms of providing appropriate safeguards and reporting with respect to the distribution of PSSSP funds. Ongoing monitoring of these agreements or arrangements will be especially important in the first few years of a new arrangement in order to ensure that the problems of accountability affecting the current system do not recur.

Establishing a selection/rationing mechanism. As noted in section 2, simply setting up an alternative delivery mechanism does not solve the basic problems of how to ration money within the program. A new set of program guidelines would be required in order to resolve the rationing/selection issue. While this may sound simple in theory, its application in practice may undermine political support within First Nations for this type of solution. The reason for this is that once a uniform set of criteria are established governing the distribution of aid across a large geographical area, it is quite likely that once these criteria are applied the rationing mechanism will in practice favour some First Nations somewhat more than others. It is virtually inconceivable that each First Nation would receive the same “share” of total aid that it did before the shift to a new system and this will likely create tensions and unhappiness with the new system in some quarters.

Hiring, Policy Development and Administrative Functioning. The primary potential benefit of program administration at a level above that of the individual First Nation is to increase administrative capacity. By dint of their size, they should be able to hire and train staff to specialise in specific activities related to the delivery of a specific program in a manner that no individual First Nation would be able to do. However, this will not occur overnight. Hiring and training has to take place. Only then can policy development – which presumably will require considerable consultation with individual First Nations and students - begin. Only then can an administrative structure to solicit applications, select recipients and distribute funds be designed and implemented. This process will take time, and it is unlikely to be error-free - mistakes which negatively affect clients will almost certainly be made in some regions.

Communicating Changes to Clients: Program clients are currently well habituated to the current process in which all aspects of their request for assistance is decided within in their home communities. Moving to a new system means that the locus of decision-making will change, new policies may be applicable and new forms may need to be filled out. Communicating these changes to clients will be a significant challenge requiring the co-operation of First Nations and their education officers.
Precis:

This option has a number of possible advantages. It retains the principle of Indian control over Indian education. By creating dedicated agencies which have student financial aid as a specific part of a more general educational mandate, this option has the potential to create some economies of scale which can deliver more effective programming. The specialization should also improve First Nations’ ability to link their student aid policies to those of provincial governments and institutions, where those can be of benefit to First Nations. Because the agencies are still regional in nature, they should remain more receptive to regional problems or concerns than a larger, pan-Canadian program delivery agency (see options 3 and 4, below)

However these advantages are mostly theoretical. To the extent such organizations exist, they are not currently purposed for management of post-secondary programs. It takes time to hire staff, develop policy and put in place appropriate administrative arrangements. The system may not deliver the accountability, efficiency and additionality desired. And any switch from a tested system to a brand new one carries with it the risk of disruption of service to clients.
Option 3: A pan-Canadian Aboriginal Educational Foundation

Description:

Under this option, PSSSP monies would be administered on a pan-Canadian basis by a non-governmental entity with a board which is largely or entirely composed of people of First Nation descent. This entity could either be an existing entity charged with the purpose of helping First Nations reach post-secondary education (i.e. the National Aboriginal Achievement Foundation), or it could be a purpose-created entity along the lines of the Canada Millennium Scholarship Foundation.

Advantages:

- Retains the principle of Indian control over Indian Education, albeit not at the level of the individual First Nation.
- Some economies of scale are almost certain because of the required size of an institution to serve the entire country.
- Larger institutional capacity very likely be able to innovate and capture additional funds for students
- Having a single entity responsible for reporting makes some accountability issues easier to manage

Disadvantages:

- Political support for the idea among First Nations is untested
- Pan-Canadian scale may make it difficult to respond to needs or concerns of individual First Nations
- The Foundation model remains unfavoured by the Office of the Auditor General
- Transition to a new system will undoubtedly cause short-term problems with clients

Challenges in Implementation:

There would be a number of challenges in making this option work, including:

Deciding on whether to use an existing foundation or creating a new one: The transfer of money to an existing Foundation has some major attractions: notably, that because it has an existing Board and staff, it has the ability to be up and running relatively quickly. This is not an inconsiderable consideration: it took the Government of Canada eleven months to select a Board and Executive Director for the Canada Millennium Scholarship Foundation, and it took another eleven months from there to the delivery of the first cheques.

However, the use of an existing Foundation also has drawbacks: notably, having been created for a purpose other than distributing PSSSP money, it may turn out not to be “fit for purpose”. An existing Foundation may also have a pre-existing political reputation with First Nations across Canada that may possibly hinder the organization in its mission. Finally it should not be taken as read that an existing Foundation would necessarily be able to scale up its current operations to meet the requirements of serving a client base of over 20,000 students.
Establishing a selection mechanism. As with option 2, there would still be the question of how to establish a rationing mechanism and whether that mechanism is need-based or income-based or some combination of the two. One possible advantage of using the NAAF is that it already appears to have a need-based rationing mechanism in use for its awards. The NAAF’s application package devotes considerable space to collecting details in individual finances – indeed, the NAAF package actually seems to collect somewhat more information than does the Canada Student Loans Program, in that they collect individualized data about living costs rather than assume standard costs as is the case for CSLP and PSSSP. It is unclear, however, how this data is used and whether or not the process could easily be scaled-up for use in a pan-Canadian system with over 20,000 clients per year.

Ensuring appropriate governance and accountability mechanisms. If the option of making payments to an existing Foundation were pursued, then this task would consist effectively on agreeing on oversight, reporting and accountability arrangements. If a new Foundation were created, an entire governance mechanism would need to be created. Models for this are of course available (the Millennium Scholarship’s model is an obvious one) and need not take up undue time, but Members and Directors would still need to go through the appointments process in order for the new Foundation to be able to operate.

Passing the necessary legislation/regulations. If a new Foundation were created, it would not necessarily require legislation: organizations like Genome Canada or the Canadian Council on Learning have been given long-term operating grants outside of such a legislative framework. However, reviews of such organizations by Treasury Board and the office of the Auditor General seem to indicate that these have a preference for legislatively-based arrangements, such as the Canada Millennium Scholarship Foundation and the Canadian Foundation for Innovation. Payments to an existing Foundation would not require legislation.

Hiring Policy Development and Administrative Functioning. As in option 2, issues around staffing and the speed with which administrative arrangement can be implemented are an issue. Conceivably, some aspects of this task might be simpler at a pan-Canadian level than at a regional one because a pan-Canadian Foundation will likely be able to hire from a larger talent pool than will specific regions. But the burdens of administration will be consequently heavier as well since program scope will be from cost-to-coast.

Communicating Changes to Clients: Program clients are currently well habituated to the current process in which all aspects of their request for assistance is decided within in their home communities. Moving to a new system means that the locus of decision-making will change, new policies may be applicable and new forms may need to be filled out. Communicating these changes to clients will be a significant challenge requiring the co-operation of First Nations and their education officers.
The pros and cons of the Foundation model are very similar to those of the Regional Education Organization (see option 2, above). This is not surprising; the idea behind both is to create sizeable First Nations organizations which encompass wide geographic areas in order to maintain “Indian Control of Indian Education” while at the same time ensuring that the program is delivered by organizations that are sufficient size and policy capacity that they can provide improved service to clients and better accountability to the Government of Canada. Both are relatively untried as alternative delivery mechanisms, and challenges in terms of ensuring that clients are informed about the policy changes and their ramifications.

The only real difference is that of scale: option 2 relies on a lot of small regional organizations to do the job while option 3 relies on one big one. The former is more likely to be responsive to local concerns; but the latter due to its size is more likely to have the capacity to really reap benefits in terms of scale, innovation, accountability and additionality. When evaluating different options, it is therefore worthwhile thinking that the main difference between option 2 and 3 is basically a trade-off between size and local responsiveness.
Option 4: Administration by Indian and Northern Affairs Canada

Description:

Under this option, PSSSP monies would be administered on a pan-Canadian basis directly by the INAC itself, either centrally from the National Capital Region, or more likely through regional offices.

Advantages:

- Accountability issues, at least in the sense identified by repeated INAC audits and evaluations of the PSSSP, would be resolved.
- Efficiency would be likely be improved over existing system
- Increased policy capacity might over time be able to organize and capture some additionality; however, within INAC the ability to deal directly with First Nations clients is limited and some time might be required either to hire service providers or to hire and train program administrators.

Disadvantages:

- Abandons principle of “Indian Control of Indian Education”
- Political support from First Nations clearly lacking
- Staff complement and capacity in the short-term is missing and would either need to be hired/trained or contracted
- Transition to a new system will undoubtedly cause short-term problems with clients

Challenges in Implementation:

There would be a number of challenges in making this option work, including:

*Establishing a selection mechanism.* As with options 2 and 3, there would still be the question of how to establish a rationing mechanism and whether that need mechanism is need-based or income-based or some combination of the two. This is perhaps even more important in this option than in the others, as the decision about selection mechanism would have a real effect on program administration. If a need-mechanism were chosen, it is not obvious why INAC would be the best candidate within the government of Canada – it might make more sense to have HRDC run the program, as it already administers a need-based program (the Canada Student Loans Program). If merit were chosen as a rationing criterion, it would likely make more sense for INAC to run the program itself. In addition, INAC would need to make a policy decision about the correct way to dispose of the money: either to continue with a policy of providing 100% grant funding to a limited number of students using the current system of allocation and wait listing, or to move to a more explicit system of selection, using either financial need or some kind of merit criterion as a rationing device.

*Passing the necessary legislation/regulations:* If INAC distributed the money directly, this option could be pursued with no change to the Indian Act and very minor changes in regulation; if the money were handed over to CSLP to manage, the negotiation of some kind of inter-agency agreement for the management of funds would be required.
Hiring Policy Development and Administrative Functioning. As in option 2 and 3, issues around staffing and the speed with which administrative arrangement can be implemented are an issue. Decisions would need to be made about where within INAC responsibility for the program would lie (i.e. in the National Capital Region or in regional offices). Conceivably, some aspects of this task might be simpler at a pan-Canadian level than at a regional one because the national level might be able to hire from a larger talent pool than will specific regions. But the burdens of administration will be consequently heavier as well since program scope will be from coast-to-coast. Politically as well, many First Nations may prefer a more regional approach. Either way, the burden of hiring and training would be significant – INAC would either need to train (possibly with assistance from HRSDC which already runs such need-based programs) or contract.

Communicating Changes to Clients: Program clients are currently well habituated to the current process in which all aspects of their request for assistance is decided within in their home communities. Moving to a new system means that the locus of decision-making will change, new policies may be applicable and new forms may need to be filled out. Communicating these changes to clients will be a significant challenge requiring the co-operation of First Nations and their education officers.

Precis:

This model addresses many problems associated with the current system, both in terms of accountability arrangements and policy and administrative capacity. It is also a model that would command little or no support among First Nations.
Option 5: Administration by Human Resources and Skills Development (HRSD) Canada

Description:
Under this option, PSSSP monies would be administered on a pan-Canadian basis directly by HRSD which as of 2009 is administering roughly $400 million of grants each year through the Canada Student Loans Program (CSLP).

Advantages:
- Accountability issues, at least in the sense identified by repeated INAC audits and evaluations of the PSSSP, would likely be resolved.
- Efficiency would be likely be improved over existing system
- Increased policy capacity might be able to organize and capture some additionality

Disadvantages:
- Abandons principle of “Indian Control of Indian Education”
- Political support from First Nations clearly lacking
- Negotiations would still be required with provinces for actual program management
- Transition to a new system will undoubtedly cause short-term problems with clients

Challenges in Implementation:
There would be a number of challenges in making this option work, including:

*Establishing a selection mechanism.* As with options 2, 3 and 4 there would still be the question of how to establish a rationing mechanism and whether that need mechanism is need-based or income-based or some combination of the two. This is perhaps even more important in this option than in the others, as the decision about selection mechanism would have a real effect on program administration. If a need-mechanism were chosen, it make most sense to have HRDC run the program, as it already administers a need-based program. If merit were chosen as a rationing criteria, it is not obvious that there would be any advantage in having HRDC administer the program and it would likely make more sense for INAC to run the program itself. In addition, INAC would need to make a policy decision about the correct way to dispose of the money: either to continue with a policy of providing 100% grant funding to a limited number of students using the current system of allocation and wait listing, or to move to a more explicit system of selection, using either financial need or some kind of merit criterion as a rationing device.

*Passing the necessary legislation/regulations:* Some kind of inter-agency agreement for the management of funds would be required.

*Negotiating agreements with provincial governments:* While the CSLP is a national program, its need assessment process is actually handled by participating provincial governments. If the PSSSP were to be made more fully need-based and administered via the CSLP, buy-in from provinces would be therefore
be required. Since Quebec, Nunavut and the Northwest Territories do not participate in the CSLP (they receive alternative payments and provide their own services), alternative delivery arrangements would still need to be made in these jurisdictions.

Communicating Changes to Clients: Program clients are currently well habituated to the current process in which all aspects of their request for assistance is decided within in their home communities. Moving to a new system means that the locus of decision-making will change, new policies may be applicable and new forms may need to be filled out. Communicating these changes to clients will be a significant challenge requiring the co-operation of First Nations and their education officers.

Precis:

This model addresses many problems associated with the current system, both in terms of accountability arrangements and policy and administrative capacity. It is also a model that would command little or no support among First Nations.


