

# MAKING ENDS MEET

THE 2001-2002 STUDENT FINANCIAL SURVEY

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**MARCH 2003**

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# CHAPTER 1 — INTRODUCTION

## 1.1 STUDY CONTEXT

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The Canada Millennium Scholarship Foundation (the Foundation) was established by the Government of Canada in 1998 and endowed with \$2.5 billion to increase access to post-secondary education. The mandate of the Foundation is to grant awards to students who are in financial need and demonstrate merit. Granting of awards from the Foundation's main program began early in 2000.

In the administration of its programs, the Foundation has three guiding principles:

- To focus on assisting Canadian students who demonstrate financial need and academic merit
- To avoid duplication with existing financial aid programs and costly repetition of administrative procedures
- To ensure fairness and equity in the delivery of its programs and resources.

In addition to granting student scholarships, the Foundation has also developed a comprehensive research agenda, both to support a legally mandated evaluation process (to be completed by June 2003) and to improve the Foundation's programs and make them more useful to clients.

The research agenda, developed in 2001, has three themes: 1) Individuals' access to post-secondary education and, in particular, the factors that affect their decision to pursue or not pursue a post-secondary education; 2) The social and economic context in which individuals make their decisions with respect to post-secondary education; and 3) Canada's position with respect to post-secondary education access, student financial need and support in an international context.



## 1.2 RATIONALE FOR THE CURRENT STUDY

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Today's knowledge economy clearly places a premium on higher education. Educational attainment levels in the labour force have risen as a result. From 1990 to 2000, the proportion of labour force members 21 years and older with college or university certification of some kind increased from 33 to 43 per cent.<sup>1</sup>

There is evidence, however, that students are increasingly experiencing difficulty financing their post-secondary education. Data from the National Graduate Survey (NGS) indicate that borrowing from student loan programs rose in the early 1990s, as did the debt-to-earnings ratios.<sup>2</sup> In the mid-1990s, about one-half of university and college students borrowed from student loan programs,<sup>3</sup> though this figure remained stable through the latter part of the decade. At the same time, tuition fees and the amount that students must repay upon graduation have risen, just as repayment rates have fallen.<sup>4</sup>

While there is some information on student loans as a source of education financing for individuals, there is comparatively less data on other sources of income or support that may be available to students such as family support, private sources of debt (e.g., bank loans) or employment earnings. As such, there is a gap in knowledge regarding the total debt load that is being accumulated by students over the course of their post-secondary education and the extent to which this debt comes from public versus other sources. Moreover, there is little information on students' school year expenditures or the timing of those expenditures. Are the resources available to students over the course of the school year adequate to meet their expenditures?

Taken together, students' access to income (including its amount, repayment terms and time of year at which they receive it) and their expenditures (including amount owed and when they must be paid) provide an overall picture of education financing. A key issue is the extent to which the amount (or timing) of income is inadequate to meet expenditures, leading to a situation of financial need. Since many student financing programs, including the Foundation's own Millennium Bursary Program, are founded on need-based criteria, it is important to gather quantifiable evidence to assess the financial needs of students. The lack of information regarding student incomes and expenditures and how they relate to access to post-secondary education and financial need is the rationale for the Student Financial Survey. The study also supports the Foundation's research agenda to investigate the economic circumstances of students' education financing and any impact of financing on students' ability to achieve their post-secondary education goals.

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1. Statistics Canada, Labour Force Survey, *Historical Review*, CD-ROM.

2. Laurie Plage and Edward Chen, "Student debt from 1990–91 to 1996–96: An analysis of Canada Student Loans data," *Education Quarterly Review*, Vol. 5, no. 4, 1999, pp 10–35 and Ross Finnie and Gaetan Garneau, "Student borrowing for postsecondary education" *Education Quarterly Review*, Vol. 3, no. 2, 1997, pp 10–13.

3. Bernard Bourgoin, "Financial Assistance to Postsecondary Students" *Education Quarterly Review*, Vol. 2, no. 1, 199, pp 10–19.

4. Finnie and Garneau, 1996, *op. cit.*

### 1.3 METHODOLOGY

This study is designed to capture, from a random sample of post-secondary students across the country, baseline information about the financial situation of students as they begin a school year, and then a snapshot of their monthly income and expenditures across the school year.

Recruitment of the student panel for the study was conducted by telephone, based on a largely national, random sample. The sample of telephone numbers was drawn from a listing of all telephone numbers in the country, however, numbers located in areas more than 100 kilometres from an urban centre were excluded, in order to increase the incidence of finding post-secondary students. A sample of 2,100 students was recruited this way in September 2001. Contacts with over 48,000 telephone numbers were attempted in order to obtain the 2,100 cases in the panel. The incidence of finding post-secondary education students in the random sample was seven per cent (slightly higher than the five per cent average across the country).<sup>5</sup> The purpose of the study was introduced to potential respondents and the nature of participation explained. The response rate to the recruitment was 70 per cent. The recruitment was conducted in both languages and the self-administered survey questionnaires were also available in both languages.

The survey information was intended to be collected using a self-administered approach, through the Internet. Over the course of the study it was decided that telephone follow-up data collection would also be required each month, to maintain the highest possible participation of the student panel from month to month over the school year. An initial baseline survey in October collected basic information about students' education, financial status at the beginning of the school year and their socio-demographic characteristics (e.g., age, gender, region, etc.). The survey required just over 15 minutes to complete over the Internet. Just over 1,100 surveys were completed online, and an additional 427 cases were collected by telephone for a total of 1,543 cases in the baseline. This is a response rate of 73 per cent (2,100 were originally recruited). The reference timeframe set for the baseline (i.e., the period for which students were to report financial information such as income received and expenditures prepaid towards the school year) was "over the summer months, ending just prior to the school year."

Waves of the panel survey took place at the start of each month and continued for roughly two weeks. Typically, two in three cases were collected over the Internet and the remaining one in three were collected by telephone. Participation slowly eroded over the eight months of the school year, however, the study was able to retain roughly 60 per cent of the overall baseline sample until the end of the survey. Table 1 demonstrates the number of students participating at each wave and the response rate (from the baseline survey of 1,543). The two biggest drops in response rates (after the initial drop-off from recruitment to baseline) were in January and

**TABLE 1 — PARTICIPATION RATES BY MONTHLY SURVEY WAVE**

WAVE	CASES	RESPONSE RATE
<b>Baseline</b>	1,543	74% (of full panel)
<b>October</b>	1,364	88%
<b>November</b>	1,321	84%
<b>December</b>	1,278	87%
<b>January</b>	1,210	82%
<b>February</b>	1,162	80%
<b>March</b>	1,109	79%
<b>April</b>	1,057	75%
<b>May</b>	911	66%

5. In recruiting survey respondents, individuals were screened to include those currently enrolled in college or university, including public or private college, vocational college or university.

May, when five and ten per cent of the sample, respectively, were lost to attrition. In each new wave, students were asked to report their income and expenditures during the entire previous calendar month (i.e., income and expenses for September were reported in the October wave of the survey).

In addition to the basic questions asked each month in the follow-up survey, three sets of additional questions were posed. In January, students were asked to report the average grade they had received for the previous semester, as well as details about their employment during the first semester (including average hours worked). In March, students were asked about their assets, including cars, computers and electronics. In the last wave, in April, students were asked about the total amount that they received in government loans (as a final check of the information reported during the year), the new balance on their credit cards and whether or not they were graduating and, if not, what their intentions were for school next year.

Toward the end of the follow-up survey period, it became apparent that there was some confusion in the interpretation of the reporting base for providing expenditure figures for food, personal care, entertainment and clothing and jewellery. Some students reported a figure spent per month and some reported a figure spent per week. (Additional efforts were made to clarify the actual reporting base with each student.) Answers were obtained for over 80 per cent of the sample and a reporting base was attributed when the information was missing, based on the average amounts reported by other students in the same living conditions.

At the end of data collection a single database was built to hold all responses from baseline to final follow-up wave for each of the 1,543 students in the sample. The results were weighted by gender and region, as there was a slight undersampling of male students (by six per cent) and of students in Ontario and Quebec (by six and eight per cent, respectively).

A number of steps were taken to finalize the file before proceeding with the analysis and reporting of survey results. First, some coding was conducted in an attempt to categorize open-ended responses. Second, all continuous variable responses (including amounts of reported income and expenditure) were examined for outliers. This involved excluding responses that were quite far outside the central tendency of responses.<sup>6</sup>

As shown in the table on participation rates by month, not all 1,543 students participated in each follow-up wave. Therefore, there were missing data for many student records. In order to rely on a common respondent pool for the purposes of examining monthly budgets, the analysis of financial data included only the students who completed at least four of the eight follow-up survey waves. This represented 1,257 of the 1,543 students in the baseline.<sup>7</sup> For these 1,257 students, any missing data in the financial fields were attributed (or filled in) with the most likely response, which was typically arrived at by examining adjacent months. That is, if a student did not complete the March wave, we attributed the missing information on the basis of their February responses. In a few cases (such as for government loans in January and parental support in December) another approach was taken. In these cases, missing values were attributed on the basis of the average amount reported by a similar group of students

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6. Four standard deviations from the mean was the general rule used to exclude cases, and in no case were more than a few handfuls of responses excluded.

7. Non-random attrition test of baseline participants (n=1,543) and students who completed at least four follow-up surveys (n=1,257) revealed no statistically significant differences between these two groups in terms of their socio-demographic (gender, province, age, marital status and employment), educational (type of institution, full-time/part time status, program and year of study) and financial (average government and private loans, average parental assistance) characteristics. Participants in four and more follow-up surveys, therefore, are representative of 1,543 baseline recruits.

(i.e., same age, same living arrangements, same school type and status) for that individual month. This was done because there were spikes in the amounts reported in some types of income and expenditure for particular months.

The last step prior to the analysis of results was to create new variables in the database to calculate total values for the year and percentages of income and expenditure from specific sources (of all students and for each month's income and expenditures).

### **Note to the Reader**

A few issues should be noted about the reporting of results. The first is to advise that, in interpreting results, the reader always consider the base of students used to calculate financial data (e.g., amounts of income, expenditures and debt); in particular, whether figures are based on all students or only those students for whom the particular indicator is applicable. For example, the average reported amount of summer employment earnings across the entire survey is \$3,500, however, when only those students who worked in the summer are considered, the average increases to \$4,000. In most cases, the numbers reported in this document are calculated as an average (per student) based on the affected segment of the student pool. Monthly patterns of income and expenditures, however, were examined using a common base of all students.

The second element to be noted is that all dollar figures above \$999 were rounded to the nearest \$100. Finally, many of the survey results differentiate on the basis of age. Unless controlled for, the age relationship can, in turn, generate findings that are a function of age. For example, an analysis of students' use of credit cards by region shows that Quebec students have the lowest incidence of owning a card. However, younger students are also less likely to have credit cards and, since Quebec students are younger (as a result of the CEGEP system in that province), the regional difference in credit card ownership owes more to regional differences in the age distribution of the student population than to region itself. Where possible, the analyses controlled for age when examining results by other characteristics that are shown to be closely associated with age (e.g., marital status, dependents, living arrangements). The difficulty, however, is that the number of cases and general complexity of the data set made this type of control difficult in some instances. For example, the results in the financial chapter do not control for age in any way.

## 1.4 LIMITATIONS OF THE STUDY

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Given that 1,543 students participated in the baseline of the survey, but most of the analysis (particularly of financial data) was based on a subset of 1,257 students, the two samples were examined with respect to their similarity, in order to determine if there was any systematic bias in who continued to participate in the study. There were no significant differences found between the two groups. On the other hand, there is very little that is known about the initial 2,100 students recruited to the panel.

The sample of participants in the baseline was also compared to some known characteristics of the student population, including regional dispersion, the splits in gender and attending college versus university, full-time and part-time. The problem with this comparison, however, is that only population figures from 1998–1999 are available from Statistics Canada and the current study sample was collected for the 2001–2002 academic year. Nonetheless, the comparison indicates that the survey sample is representative of the split of students attending college versus university. It overrepresents women (61 per cent in the sample compared with 56 per cent in the population, as of 1998–99), as well as full-time students (88 per cent compared with 75 per cent in the population, as of 1998–99).<sup>8</sup> The survey data were weighted for gender to correct for the overrepresentation of women, however, they were not weighted for the full-time/part-time split.

Since the survey was designed to be conducted over the Internet there may have been a bias in the sample towards students with access to a computer and the Internet. The recruitment took place once the academic year had started, so virtually all students would likely have had access to a computer and the Internet through school facilities, if not in their home environment, but a few may have not. Our recruitment team did not encounter a substantial number of students for whom this was the case, however, students may not have identified this as the reason for not participating in the study. Although some baseline cases were collected by telephone and almost one third of follow-up data came from telephone interviews, this option was offered only after the recruitment had occurred.

The sample sizes of 1,257 to 1,543 students (depending on which analyses were performed) are of a reasonable size for most survey efforts, however, this particular survey had two elements that made the sample sizes less than ideal. The first is that much of the data is financial in nature and was provided as continuous data (i.e., where students provided a figure of their own, rather than identifying a category/range provided in the survey). In these situations, responses typically vary quite widely and the central tendency or standard deviation around the mean is high. This is the case with the data in this survey, where standard deviations are often higher than the mean. A significantly larger sample size than the ones in this study would have helped to alleviate this problem. The second element is the degree to which results are significant by (and, indeed seem to be driven by) age. Many characteristics of students are strongly linked to age and therefore show the same patterns of results. In many cases in the analysis of findings, the report attempts to remove age from the equation when testing relationships with other student characteristics. The current sample size becomes quite thin when looking at the patterns between two variables based only on the cases falling into a single age category of the sample. This resulted in large margins of error in statistical testing.

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8 . The source of the population data for community colleges is: Education in Canada, Statistics Canada Catalogue No.: 81-229-XIB (Annual). The source of the population data for Universities is: Statistics Canada, CANSIM database, Cross-classified tables 00580701, 00580702.

The study does not attempt to capture the expenditures of others on behalf of students. The focus is on the income and expenditures of students specifically. Throughout the report findings indicate that students living at home experience significantly different patterns of expenditures, largely because someone else is paying for these expenses. This study does not, however, capture or quantify “in kind” expenses spent for students to attend post-secondary education, only the expenses incurred directly by the students themselves.

It should also be noted that while tables and graphs provide figures and percentages for a wide variety of student segments, the accompanying text describes only the relationships that are statistically significant at the .05 level or higher. That is not to say that all statistically significant relationships are described in the text, since in some cases, the study team has judged a relationship to be unimportant or of sufficiently small magnitude to omit it from the report. However, all relationships described in the text of the report are statistically significant to the level set as an industry standard.

## **1.5 ORGANIZATION OF THE REPORT**

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The report is organized into eight chapters. The second chapter presents a profile of the post-secondary student population, according to some basic characteristics, such as educational program, socio-demographic characteristics and living arrangements. This chapter also reviews a typology of students created specifically for this study. Chapter Three examines the assets of students as reported in a special set of questions, posed in March. Three subsequent chapters examine key sources of income for students: employment earnings, support from family, and support from government and private sources. Chapter Seven presents the monthly patterns of income and expenditures and an overall final picture of students' financial situations at the end of the school year. The final chapter provides a summary of some of the highlights of the findings.

## CHAPTER 2 — PROFILE

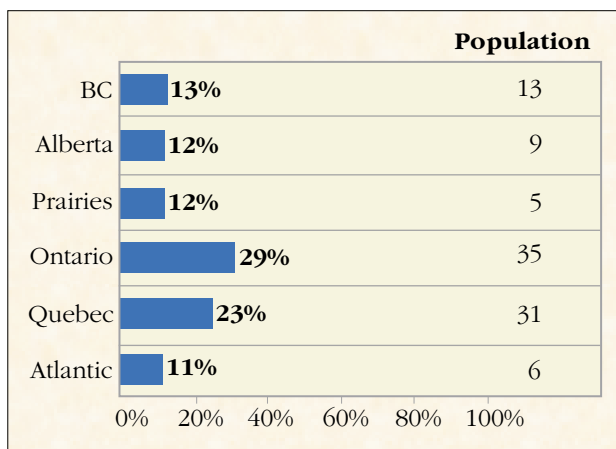
The following chapter presents a basic description of the sample of post-secondary students who participated in the study, first by socio-demographic characteristics and then as a function of their educational program.

### 2.1 SOCIO-DEMOGRAPHIC PROFILE

#### Region

The regional distribution of students is presented in the following exhibit. The sampling design for the survey stratified by region to ensure sufficient numbers of respondents in each region to be able to conduct regional analysis. The data were then weighted to match the exact proportions of the student population.

**FIGURE 1 — PERCENTAGE DISTRIBUTION OF STUDENTS BY REGION**



The source of the population data for community colleges is: Education in Canada, Statistics Canada Catalogue No.: 81-229-XIB (Annual). The source of the population data for Universities is: Statistics Canada, CANSIM database, Cross-classified tables 00580701, 00580702.

#### Gender

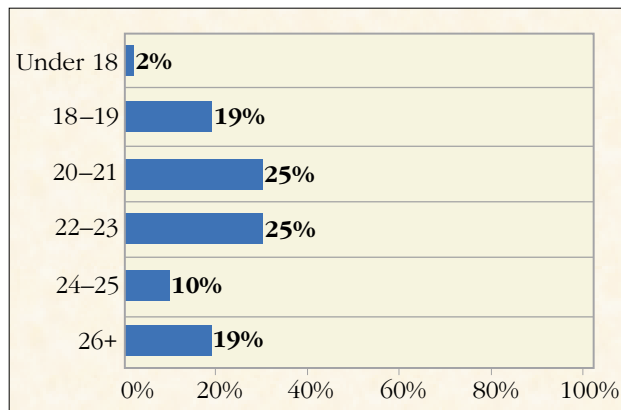
Men account for 39 per cent of the baseline sample; women compose the remaining 61 per cent. This is a slight oversampling of women compared with the population (56 per cent).<sup>1</sup> The survey data were weighted to match the population.

#### Age

It is important to emphasize that age is the most important element of the student profile, being linked to most aspects of a student's lifestyle, living arrangements and therefore, finances. Age also dictates how much students earn (higher incomes among older students), whether they obtain financial support from their parents (younger students are most likely to be living with parents and to receive more parental assistance than older students), whether they receive government student loans (higher among older students) and other sources of debt (since older students are more likely to have accumulated assets, including electronics and cars).

The average age of post-secondary students participating in the survey is 23. One in five students are 18 to 19 years of age. Half of participants fall between the ages of 20 and 23. There is a relatively large segment of students that is older, however. One in ten students are 24 or 25 years of age and one in five are 26 years or older.

**FIGURE 2 — PERCENTAGE DISTRIBUTION OF STUDENTS BY AGE**



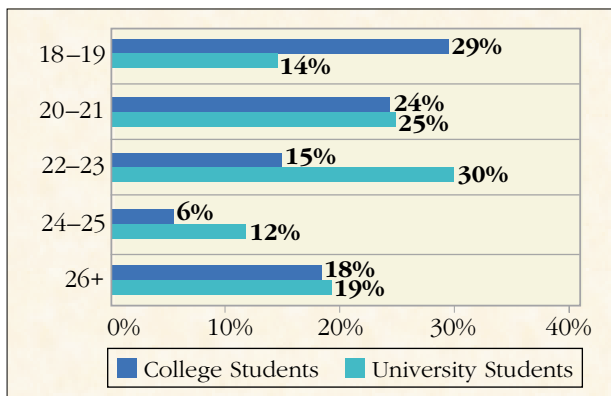
*The following chapter presents a basic description of the sample of post-secondary students who participated in the study.*

1. The source of the population data for community colleges is: Education in Canada, Statistics Canada Catalogue No.: 81-229-XIB (Annual). The source of the population data for Universities is: Statistics Canada, CANSIM database, Cross-classified tables 00580701, 00580702.



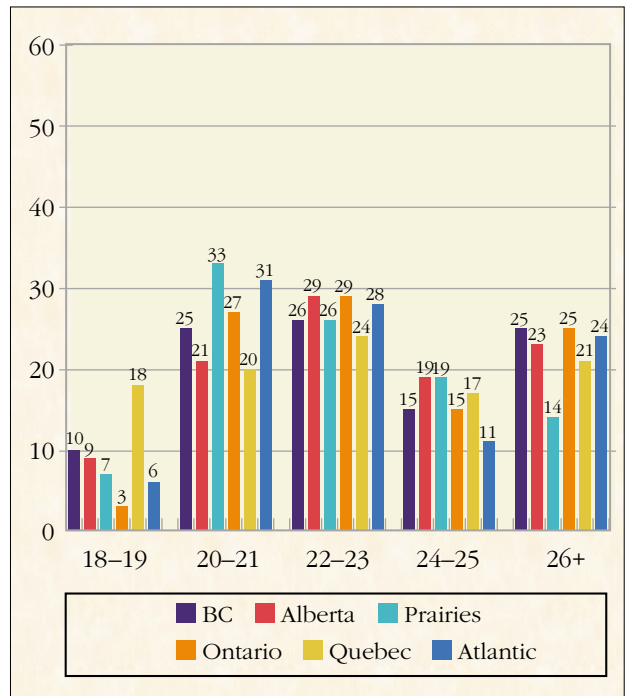
As expected, there is a larger proportion of younger students (i.e., 19 or younger) attending college compared to university. For example, 29 per cent of college students in the sample are 19 or younger, compared to 14 per cent of university students. Conversely, only 21 per cent of college students are between the ages of 22 and 25, while 42 per cent of university students fall within this age range. At the uppermost age category (26 years or older), the proportion of college and university attendees is virtually the same. The average age of college students is 23.8 compared to 24.4 for university students.

**FIGURE 3 – PERCENTAGE DISTRIBUTION OF STUDENTS ATTENDING COLLEGE AND UNIVERSITY – BY AGE**



Owing to the different post-secondary education structure (i.e., the CEGEP system in Quebec), there are differences in the age of students across regions, particularly for Quebec. For example, in Quebec, 18 per cent of students are 18 to 19 years of age as opposed to three to 10 per cent of students in other regions. Note that because of the CEGEP system, roughly half of the country's college population resides in Quebec.

**FIGURE 4 – PERCENTAGE DISTRIBUTION OF STUDENTS – BY AGE BY REGION**



## Language

Almost six in ten students (59 per cent) are Anglophones, 27 per cent are French-speaking and 13 per cent have a first language other than English or French. Not surprisingly, Francophones are overrepresented in Quebec and, given the CEGEP system, Francophone students are also more likely to indicate that they attend college and therefore tend to be overrepresented in the younger age category.

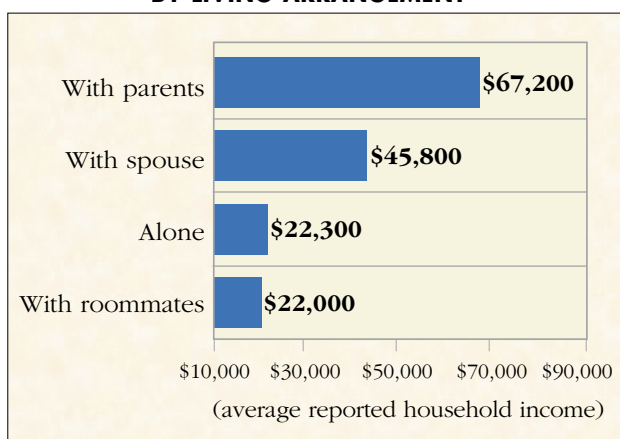
## Household Income

The average household income level for students in 2000 was \$45,370 and the median value was \$31,000. Just over one-quarter of student households had earnings of \$20,000 or less. The remaining responses were: \$20,000 to \$40,000, 14 per cent; \$40,000 to \$60,000, 10 per cent; and more than \$60,000, 18 per cent. One in three did not provide an answer to the question. It should be noted that the “household” base was intended to include all parties considered to be a family unit sharing expenses. This means the income of spouses and parents would be included in

the responses, but the income of roommates would not (presenting a somewhat skewed picture of household income).

Household income is strongly influenced by students' age and living arrangements, as well as other factors such as employment income. For example, average household income declines as students' age increases. This is, of course, because parental income is reported in the figure for those living at home. With greater independence from the parental home and from parental support, students 24 years of age and older experience a decline in household income. The following exhibit exemplifies this pattern.

**FIGURE 5 — AVERAGE HOUSEHOLD INCOME BY LIVING ARRANGEMENT**



Women report lower average household incomes than men (\$41,400 vs. \$49,750). Students with government loans or bursaries report lower levels of household income (\$27,200 vs. \$55,000 for those without a loan and \$32,300 vs. \$49,200 for those without a bursary).

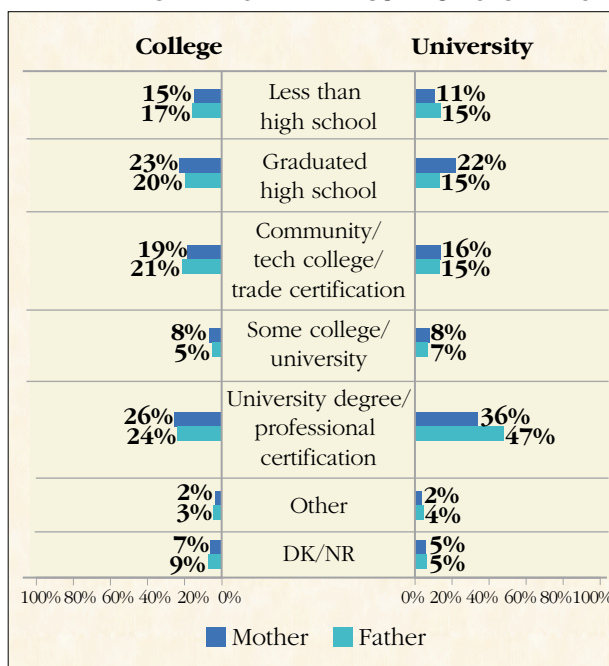
### Education of Parents

Post-secondary students' parents generally have a similar educational profile. About one-third have a high school level of education or less. Respectively, between 16 and 17 per cent of

mothers and fathers graduated from community college and 32 and 35 per cent graduated from university.

There is a significant relationship between parents' education (particularly father's education) and the student's choice of educational institution. Thirty-five per cent of students have fathers who completed a university education. Forty-seven per cent of university students had a father who completed a university education, while only 24 per cent of college students reported the same. The same pattern, though not as pronounced, is evident for mothers' education.

**FIGURE 6 — PERCENTAGE DISTRIBUTION OF PARENTAL EDUCATION FOR UNIVERSITY AND COLLEGE STUDENTS**



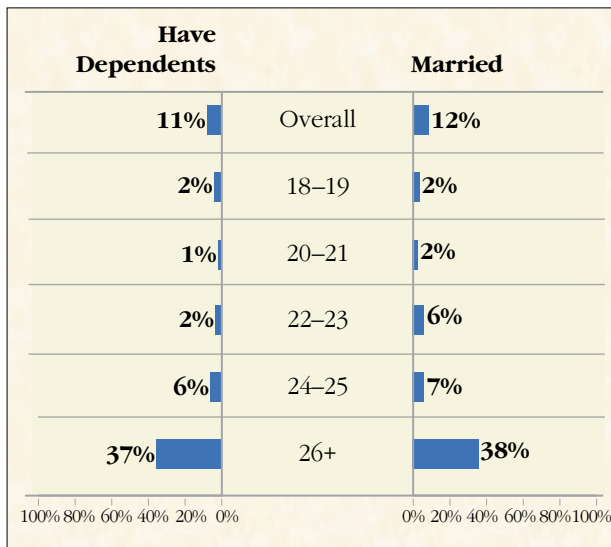
There is an age effect in terms of parents' education as well. Students who are 26 years of age or older are more likely to indicate both parents' highest level of schooling as being less than high school and are less likely to report their parents as having a bachelor's degree. Men are more likely than women to indicate that their father has a bachelor's degree.

## Marital Status

The vast majority of students are single (85 per cent). Roughly one in ten (12 per cent) are married and the remainder have another status, such as separated or divorced. Students' marital status is related to their age (e.g., 38 per cent of students 26 years and older are married). The relationship between age and marital status provides a first glimpse of the fundamental pattern differences by age. For example, being older and being married, in turn, gives rise to a host of other significant differences (e.g., students who are married are more likely to have dependents, live away from the parental home and without parental financial support, have a credit card and a line of credit, and have greater assets).

One in ten students indicated that they have dependents<sup>2</sup> (among students who are 26 years of age and older, 37 per cent have dependents). Among those with dependents, the average number of dependents is 1.8. Almost half of these students (48 per cent) have one dependent and another 36 per cent indicated that they have two dependents.

**FIGURE 7 – PERCENTAGE DISTRIBUTION OF STUDENTS WITH RESPECT TO MARITAL STATUS AND DEPENDENTS – BY AGE**



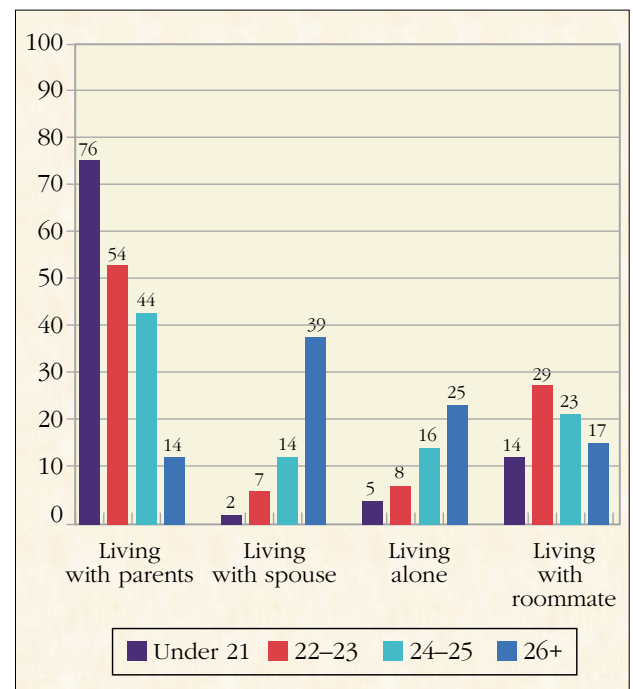
## Living Arrangements

About half of students lived with their parents while they attended school during the year. One in five students lived with roommates during the school year, 14 per cent lived with a spouse, and 13 per cent lived alone (including 10 per cent who lived alone and three per cent who lived alone with dependents). Another three per cent reported some other type of living arrangement.

Among those sharing accommodation with roommates, the majority share their household with one roommate (55 per cent) or two other roommates (23 per cent).

As indicated in the next exhibit, younger students are much more likely to live with their parents (76 per cent of those under 21 years of age). By contrast, only 14 per cent of students 26 or older lived with their parents. Older students are far more likely to report living with a spouse (39 per cent) or living alone (25 per cent).

**FIGURE 8 – PERCENTAGE DISTRIBUTION OF STUDENTS' LIVING ARRANGEMENTS BY AGE**



2. "Dependents" was not defined, however, it is assumed that this refers to children or non-working adults.

Similarly, living with parents is more likely to be the case among college students (60 per cent, compared with 46 per cent of university students). Living with a roommate is also more likely among those attending university (25 per cent versus 11 per cent of college students).

A portion of students who do not live with their parents (57 per cent) reported moving to a new community in order to attend the school at which they are currently studying. The majority of these (80 per cent) moved more than 70 kilometres to attend school.

Age is a factor in students' propensity to have moved. Whereas 80 per cent of those 18 to 21 years old and not living with their parents reported moving, only 31 per cent of students 26 and older moved to attend school. University students and full-time students were more likely to have relocated for school (63 and 62 per cent respectively). BC residents are least likely to have moved (32 per cent).

## 2.2 EDUCATION PROGRAM PROFILE

### Type of Institution and Program

Six in ten post-secondary students attended a public university in 2001/02, while three in ten reported attending a public academic,

technical or vocational college. Attendance at private institutions is relatively rare, with four per cent enrolled at a private academic college and two per cent at a private university. Compared with

population measures from Statistics Canada, the survey sample is representative of the university and college split of students (63 per cent of students in the Statistics Canada population survey are in university).<sup>3</sup>

As discussed earlier, those attending university are more likely to be older students, while those in college are younger on average (and also, as a consequence are more likely to be living at home with a parent).

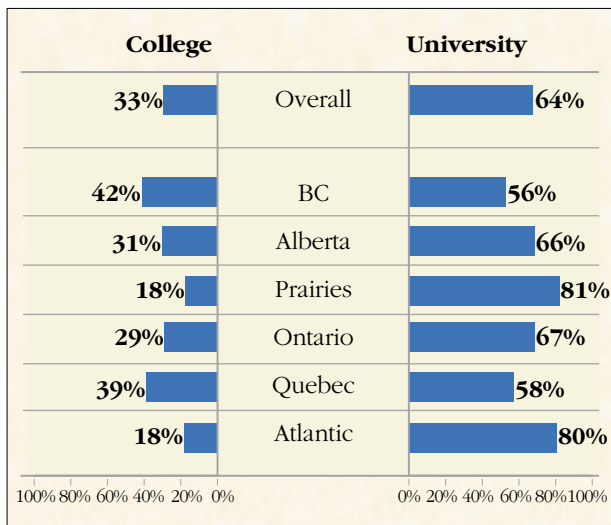
*Those attending university are more likely to be older students, while those in college are younger on average.*

There is a significant difference in the type of institution students attend by region. In general, the college system is less-used in the Atlantic provinces and in the Prairies (only 13 per cent of students in each of these regions reported attending this type of institution). On the other hand, college is much more attended in BC and Quebec (by 42 and 39 per cent of students, respectively).

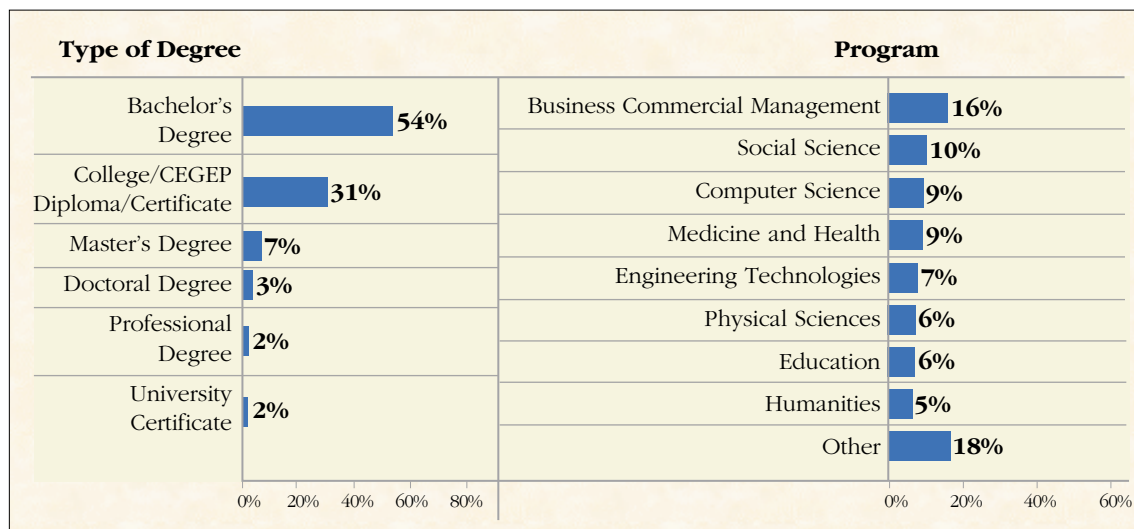
The type of degree that students are pursuing is profiled in the next exhibit. These results reflect the above overall findings for type of institution. Two-thirds of students will receive a university degree, 10 per cent at the post-graduate level, while one in three will receive a college diploma. The patterns noted above with respect to type of institution are also evident in these data (e.g., younger students, those living with parents and Quebecers are more likely to obtain a college diploma compared to other students).

Students' program of study is presented in the same exhibit. There is a broad variety of areas of study. Most frequent responses included: business-related (16 per cent), social sciences (10 per cent), computer science (nine per cent), and medicine or health-related (nine per cent).

**FIGURE 9 – PERCENTAGE DISTRIBUTION OF STUDENTS ATTENDING COLLEGE AND UNIVERSITY – BY REGION**



3. The source of the population data for community colleges is: Education in Canada, Statistics Canada Catalogue No.: 81-229-XIB (Annual). The source of the population data for Universities is: Statistics Canada, CANSIM database, Cross-classified tables 00580701, 00580702.

**FIGURE 10 — PERCENTAGE DISTRIBUTION OF STUDENTS BY TYPE OF DEGREE AND PROGRAM OF STUDY**

### Full-time/Part-time

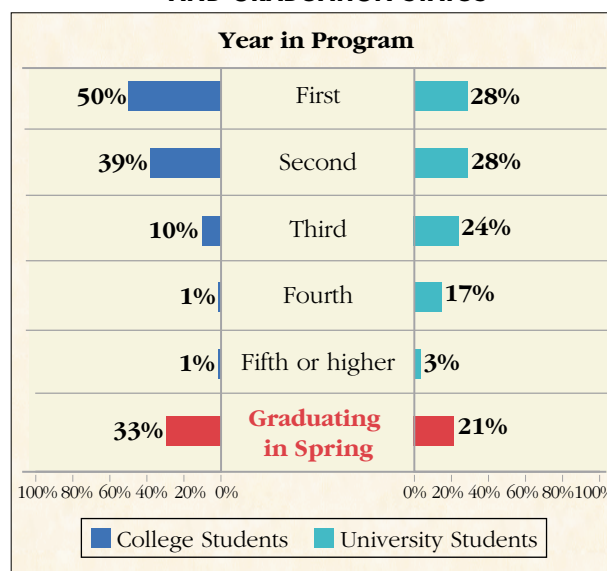
The majority of post-secondary students attend school on a full-time basis (88 per cent). The survey sample overrepresents full-time students, compared with population figures (75 per cent).<sup>4</sup> There is an age link: students who are 24 to 25 years of age and 26 years and older are less likely to be studying full-time (83 and 77 per cent respectively). Others who are less likely to be attending school full-time include students who are employed (85 per cent vs. 93 per cent of those who are not employed), and those who do not have a government loan or bursary (82 per cent vs. 97 per cent of those who do). In addition, there are differences in full-time/part-time status by living arrangement (e.g., those who live with parents are more likely to be studying full-time).

### Status in Program

The majority of students are in their first or second year of studies (36 and 31 per cent respectively), not surprisingly, given that college programs are typically only two years in duration. One in five students (19 per cent) are in their third year of their program and

one in ten are in their fourth year. A small minority (two per cent) are in their fifth year or more of studies.

Expectedly, younger students are more likely to be in the earlier stages of their program. For example, 79 per cent of students 18 to 19 years of age are in the first year of their program compared to about one-third of those who are 24 years of age or older.

**FIGURE 11 — PERCENTAGE DISTRIBUTION OF STUDENTS BY YEAR IN PROGRAM AND GRADUATION STATUS**

4. The source of the population data for community colleges is: Education in Canada, Statistics Canada Catalogue No.: 81-229-XIB (Annual). The source of the population data for Universities is: Statistics Canada, CANSIM database, Cross-classified tables 00580701, 00580702.

One in four students graduated from their program in Spring 2002. This is higher among those attending college (33 per cent) and among older students (between 30 and 32 per cent of those 24 years of age and older). Graduates are more likely to have a higher grade average than those not graduating this year.

### **Student Achievement (Grades)**

At the start of the second semester, in the January 2002 wave of the survey, students were asked a question about the marks they had achieved in the previous semester. Overall, 37 per cent of students responding to the survey in January said their average mark in the first semester was in the As (A+, A, or A-), while 45 per cent said their average mark was in the Bs (B+, B, B-). One in six students (14 per cent) had a C average, while just two per cent said their average first semester mark was a D+ or lower.

Overall, one-fifth (19 per cent) of students said their first term marks were below their usual level of academic performance, but this proportion varied widely according to students' grades. Not unexpectedly, the lower a student's mark, the more likely the student was to report that the mark was below his or her average. Over half (53 per cent) of students with a C average or lower said their marks were below their usual academic performance, whereas just two per cent of A average students said their performance was below their standards while 21 per cent of students with a B average said the same.

Large differences in grades occurred with respect to full-/part-time attendance at school, age and living arrangements (next table).<sup>5</sup> Part-time students are significantly more likely than full-time students to have a C average or lower (24 versus 15 per cent). Excelling at school is also a function of age. Less than one-quarter (23 per cent) of students in the youngest age group (18–19) had an A average, a proportion that rises to 51 per cent for students who are 26 years of age or older. Living with roommates or a spouse is also strongly associated with higher grades. For example, 43 per cent of students living with roommates and 55 per cent of those living with a spouse had an A average versus only 31 per cent of students living with parents. A similar pattern in reverse is apparent for the proportion with a C average or lower. While, to some extent, this pattern is a reflection of the student's age, this relationship still holds within the 22 and over age group.

A possible explanation for the strong link between age and achievement may be that older students are likely to be more focused on school work than younger students. As well, there is a likely process of natural selection at work, whereby students learn to improve their grades or they discontinue, leaving proportionately higher numbers of older students with higher grades.

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5. For purposes of analysis, students with C, D and lower averages are grouped.

**TABLE 2 — PERCENTAGE DISTRIBUTION OF STUDENTS WITH HIGH AND LOW FIRST TERM MARKS,\* BY STUDENT CHARACTERISTICS, SEPTEMBER TO DECEMBER 2001**

CHARACTERISTIC	PERCENTAGE WITH A AVERAGE	PERCENTAGE WITH C AVERAGE OR LOWER
<b>School Attendance</b>		
Full-time	38	15
Part-time	29	24
<b>Employment Status (during first term)**</b>		
Worked during the first term	36	16
Did not work during first term	39	13
<b>Age (years)</b>		
18–19	23	20
20–21	32	17
22–23	34	17
24–25	39	12
26+	51	10
<b>Living Arrangements ***</b>		
Living with parents	31	19
Living alone	32	15
Living with roommates	43	8
Living with spouse	55	9
<b>Financial Support from Parents****</b>		
Yes (at some time during school year)	39	13
No	36	16
<b>Government Student Assistance****</b>		
Yes (at some time during school year)	36	16
No	37	14
<b>Overall (n=1,199)</b>	37	16

\* Proportion of students responding to the survey who provided an average mark for the fall 2001 semester, as reported in January 2002.

\*\* Worked at some time during the first term, as reported in February 2002.

\*\*\* Respective question was first asked at the beginning of the school year and updated in the second term.

\*\*\*\* Received some support/assistance during the period September to December 2001.



## 2.3 TYPOLOGY OF STUDENTS

The nature of the student population is such that there is likely to be a set of characteristics that would define broad categories of students in terms of their demographic characteristics, their student status and their financial picture.

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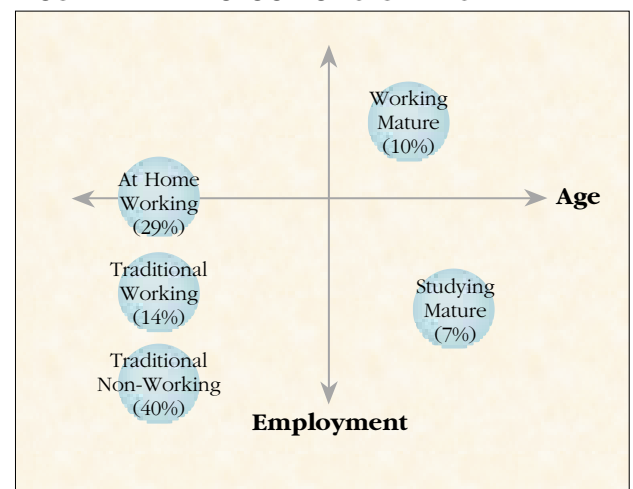
One would expect that there exists a group of students who share an age, student status and financial profile such as the At Home Working (who are young students, typically attending school full-time and, for the most part, living with parents, which we do find). For this reason, segmentation based on a cluster analysis was conducted to identify the sets of characteristics that go together

to form identifiable sub-groups. These sub-groups or segments then provide a framework for understanding the findings that goes beyond a series of bivariate relationships.

The cluster analysis proceeds by maximizing the degree to which the sub-groups are internally similar (homogenous) across the variables entered into the analysis while also maximizing the differences across the different sub-groups on these variables. All variables included in the baseline survey were considered in the initial analysis, however, only eight single variables (or sets of variables) were found to be useful in discriminating homogenous groups of students. These variables, included in the final segmentation analysis are: age, the number of hours that students were working at the start of the

school year, the degree of reliance on credit (based on a scale created to count the number of sources listed by respondents), ownership of different electronics (based on a scale created to count the number of items owned), grades at the end of the first term, ownership of a car and whether it was a gift or personal purchase, and presence of post-secondary education among parents. In the first stage, a four-cluster solution was identified. This initial analysis, however, produced one sub-group that included over half of the cases based on the characteristics that one would traditionally associate with students (younger, relatively few assets or debt). For this reason, a separate analysis was run to divide this group, which produced a working and a non-working sub-group. The description of these five resulting segments of the typology is presented next, along with a graphical depiction of the typology along two key dimensions (age and employment status).

**FIGURE 12 – TYPOLOGY OF STUDENTS**



The first three ingredients that informed the typology (listed in the table below) are self-explanatory — the average age for each group, the percentage working going into the school year and the average weekly hours of work that each reports. The next five ingredients that entered the segmentation analysis represent average scores for each group on various scales that were created specifically for analysis purposes. The credit scale goes from 0 to 5 based on the number of credit cards owned, whether the student has a line of credit, a private loan or a

mortgage. The electronics scale runs from 0 to 7 and is a count of the number of listed electronic items the students reported owning. The first semester grades are scored on the basis of a scale with 12 points given for an A+ and 0 points for an F. Ownership of a car is on a scale from 0 to 2, depending on whether they do not own a car, own one that was a gift or own one that they purchased or leased. The parent's post-secondary education score is between 0 and 2, depending on whether a student has no parents, one parent or two parents with a post-secondary education.

**TABLE 3 — SEGMENT CHARACTERISTICS**

SEGMENTS/ DIMENSIONS	SUPPORTED, AT HOME WORKING STUDYING (TRADITIONAL) (TRADITIONAL)					TOTAL (n=1021)
	WORKING (n=296)	MATURE (n=101)	MATURE (n=73)	NON-WORKING (n=402)	WORKING (n=149)	
<b>Age (years)</b>	22.5	26.5	35.4	22.4	22.3	23.7
<b>Proportion Employed (%)</b>	100	100	35	6	99	56
<b>Hours of Employment (hrs)</b>	18.8	32.8	7.4	3.6	8.4	10.58
<b>Reliance on Credit (0 on scale)</b>	1.66	2.63	3.12	1.45	1.42	1.74
<b>Own Electronics (0 on scale)</b>	2.98	3.77	3.30	2.79	2.67	2.96
<b>First Semester Grade (0 on scale)</b>	7.86	8.07	9.33	8.21	8.78	8.26
<b>Ownership of Car (0 on scale)</b>	1.03	1.84	1.58	.63	.85	.97
<b>Parents' PSE (0 on scale)</b>	.59	.55	.47	.69	.68	.63

### **Segment One: Supported, At Home Working**

Supported, At Home Working constitute 29 per cent of students. They are young students (22.5 is the average age) and tend to be employed; that is, virtually all are working, with an average number of weekly working hours of 18.8. They report only a modest reliance on credit sources. They are middle of the road in terms of their ownership of electronics and a car. The extent to which their parents have post-secondary education is also about average. Their academic grades are the lowest of all students in the survey. When asked why their grades might be lower than in the past, 36 per cent said that it was because they were working more than usual.

One of the few other defining characteristics of this group is that 71 per cent live with their parents. Another 14 per cent live with roommates and only 13 per cent live alone or with partners.

### **Segment Two: Working Mature**

The Working Mature segment constitutes 10 per cent of the student population and is comprised of older students (with an average age of just over 26), who have a high level of employment, both in terms of the incidence of students with a job, as well as the number of hours they work (just over 32 hours per week on average). In fact, 79 per cent of this group report more than 30 hours of work per week, in spite of the fact that 48 per cent are in school full-time. They have the second highest reliance on multiple sources of credit. They have the second lowest set of marks, however, likely because they are split in their focus between school and work (and there is a strong relationship between work commitment and lower grades). Working Mature are also second least likely to report that their parents have a post-secondary level of education.

This group is most likely to indicate that they are being delayed in the progress of their education by their employment (68 per cent said that they could complete their degree more quickly if they were not working, compared with 34 to 43 per cent in the other groups).

Working Mature are the second most likely to have a mortgage (18 per cent). One in four are married and 18 per cent have dependents. In spite of these figures, 43 per cent live with their parents (and 29 per cent live with a spouse/partner). Just over one in three have a line of credit. Few of these students have the advantage of parental financial support (only 16 per cent).

Students in this group are strong consumers of large ticket items. For example, 58 per cent own a car. Most of these (84 per cent) were purchased or leased by the student (not given as a gift) and the average age of the car is only two and a half years old. Similarly, most of the students in this segment who own a computer purchased it (rather than received it as a gift) and are more likely than other students to have purchased their computer for a reason other than school.

### **Segment Three: Studying Mature**

This segment consists of seven per cent of respondents and is in many ways the most distinguishable or unique group of students. First, they are substantially older than the average age for post-secondary students (35). Also, only 35 per cent work, and even that third only works an average of 7.4 hours per week. The Studying Matures also have the highest grades of any of the student groups (which is not surprising since there is a strong relationship between age and grades, with students improving their grades over time). It is interesting to note that this group is least likely to report that their own parents have a post-secondary education.

The Studying Mature are the most likely to have a mortgage (26 per cent indicated that they do). Almost half are married (48 per cent) and have dependents (48 per cent). As such, it is not surprising to find that 50 per cent live with a spouse and another 18 per cent live alone. Few live with parents (four per cent) or a roommate (13 per cent). Over one in three said that they have a line of credit. In fact, this group is the most likely to be tapping a variety of sources of credit in order to meet financial demands. They are the second least likely to receive financial support from their parents (22 per cent), and the most likely to say that their income will not be adequate to meet their needs (55 per cent, compared with 32 to 39 per cent of other groups).

They have the highest reliance on multiple sources of credit and they are the second most likely to own multiple electronic items and a car. Their cars are mostly purchased or leased by the student (rather than being given as a gift). On the other hand, the mean age of these vehicles is almost six years old, whereas that of cars owned by most other students is two to three years old.

#### **Segment Four: (Traditional) Non-Working**

This segment is comprised of 40 per cent of the student population. They are fairly young, with an average age of 22.3 years. As a group, they do not tend to work during the school year, and the work they do (for the six per cent that work) is minimal in terms of the number of hours per week. Their grades are quite high and their parents are likely to have a post-secondary education. They are the typical “student,” other than that they work very little. When asked why their grades were not as high as in the past semester (if that was the case), 72 per cent said that it was because they had a heavier and harder course load than in other semesters (which may also be part of the explanation for the lack of employment, as well).

Half of this group live with their parents. Another 26 per cent live with roommates and only 12 per cent live alone. One of the most outstanding characteristics of this group is that 81 per cent of those who do not live with their parents (or 41 per cent of all students in this group) reported that they moved to a new community to attend school, and most of this subset of students (89 per cent or 36 per cent out of the 41 per cent who moved) moved more than 70 kilometres away. This is compared with between three and 27 per cent among the other four groups of students who moved away (versus 41 per cent in this group) and 69 to 73 per cent who moved 70 kilometres or more (compared with 89 per cent in this group).

Their reliance on multiple sources of credit is low and they are minimal consumers who tend not to collect electronics or own a car. Even though 26 per cent indicated that they own a car (which is the lowest incidence of car ownership of all of the five groups), over a third of these vehicles (36 per cent) were given to the student.

#### **Segment Five: (Traditional) Working**

This segment constitutes 14 per cent of students and these students share many of the same characteristics with the other traditional student group, with the exception of a few key dimensions. They all work, although they only work a modest number of hours (an average of 8.4 hours per week). The Traditional Working also have slightly better grades than the non-working traditional students. They are also somewhat more likely to report owning a car.

Over half of this group (59 per cent) live with their parents and another 23 per cent live with roommates. They are least likely to have a line of credit (only 15 per cent do). They, along with the other traditional student group, are most likely to be receiving financial support from their parents (55 per cent).

The purpose of creating this typology of students is to examine the differences in the financial situations of groupings of students along a slightly different dimension than the standard set of demographics, such as age, living arrangements and so on. It provides another analytical tool with which to examine and better understand the financial dynamics of the student population. In subsequent chapters of this report, this grouping or typology of students is used as part of the sub-group analysis of findings.

## CHAPTER 3 — ASSETS

A module of the Student Financial Survey asked respondents to describe some of their current assets. Ownership of cars, computers and a variety of electronics were explored, along with monetary values of these and other assets. Similar to other survey results described earlier, the single most important predictor of ownership is age. While other variables emerge as highly statistically significant (e.g., full-time versus part-time studies, type of living arrangements, etc.), many of these are also highly correlated with age.

### 3.1 VEHICLE OWNERSHIP

Four in ten students indicated that they own a car (41 per cent). Fifty-seven per cent of students over the age of 25 reported owning a car. A greater share of part-time students (63 per cent), those with a line a credit (53 per cent) and students with dependents (57 per cent) own a car, largely because of the relationship of these variables to age. When age is controlled for, these relationships largely disappear. Car ownership, however, is

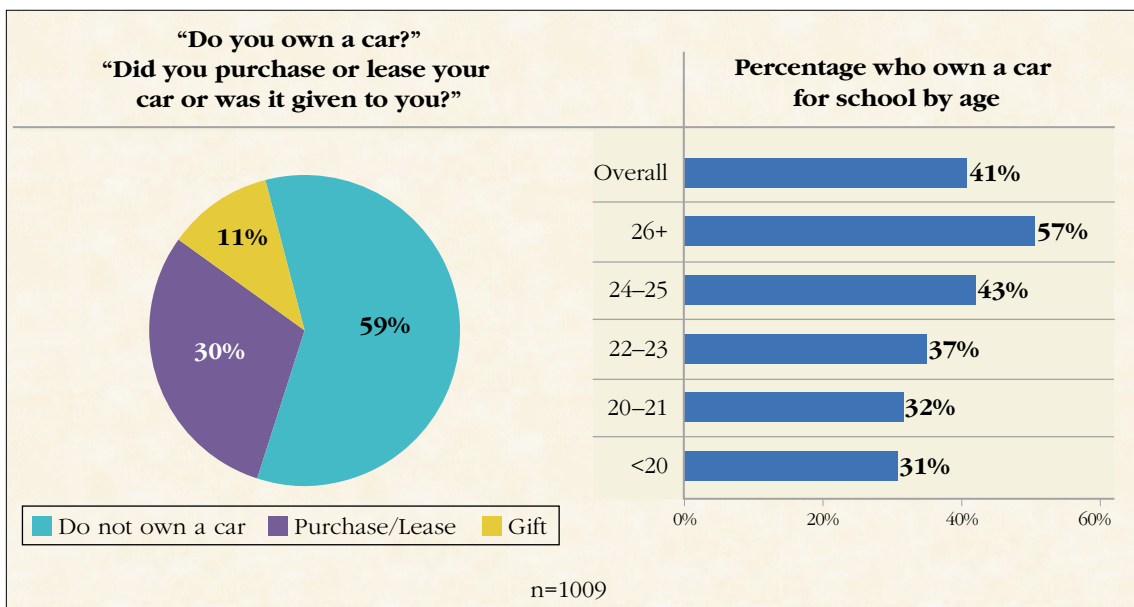
also related to employment, independent of age. Almost half (48 per cent) of employed students own cars, whereas only 28 per cent of students who are not employed own vehicles.

Those least likely to own a car tend to be under the age of 22 (32 per cent own vehicles) and full-time students (38 per cent ownership). Regionally, the incidence of students who own a car is highest in British Columbia and Alberta (53 per cent and 55 per cent, respectively) and lowest in Ontario (33 per cent).

The proportion of car owners increased between the baseline measurement in September 2001 and a second measure taken in January 2002. Most students who indicated that they owned a car at the beginning of the survey still owned a car in January (97 per cent). Seven per cent of students who did not own a car in September owned one in January, representing a total net gain of three per cent.

*The single most important predictor of ownership is age.*

**FIGURE 13 — DEGREE OF CAR OWNERSHIP**



Just over half of all car owners said they need a car to be able to get to and from school (54 per cent); four out of ten indicated owning their car for other reasons.

As shown in the chart, older students are more likely to own their vehicle for reasons other than school. Accordingly, those with dependents more often say that they own their cars for reasons other than getting to and from school than those without dependents. Once age is taken out of the equation, however, this relationship disappears. Similarly, students who live with their parents, are enrolled in college and attend school full-time are more likely to have indicated that they need a car in order to get to and from school, with all of these factors being

closely tied to age. Once age is removed, the relationships disappear.

The majority of students who own cars (71 per cent) indicated that they had either purchased or leased them. Approximately one in four students (26 per cent) who own cars said that the vehicle was given to them.

Those most likely to have received their car as a gift tend to be under 21 (37 per cent). Moreover, those with no credit cards are more likely to have received their vehicles as gifts (34 per cent). This relationship exists independent of age. Those who receive financial support from their parents are also more likely to have been given cars (38 per cent), however, this relationship disappears when age is taken out of the equation.

**FIGURE 14 – REASONS FOR CAR OWNERSHIP**

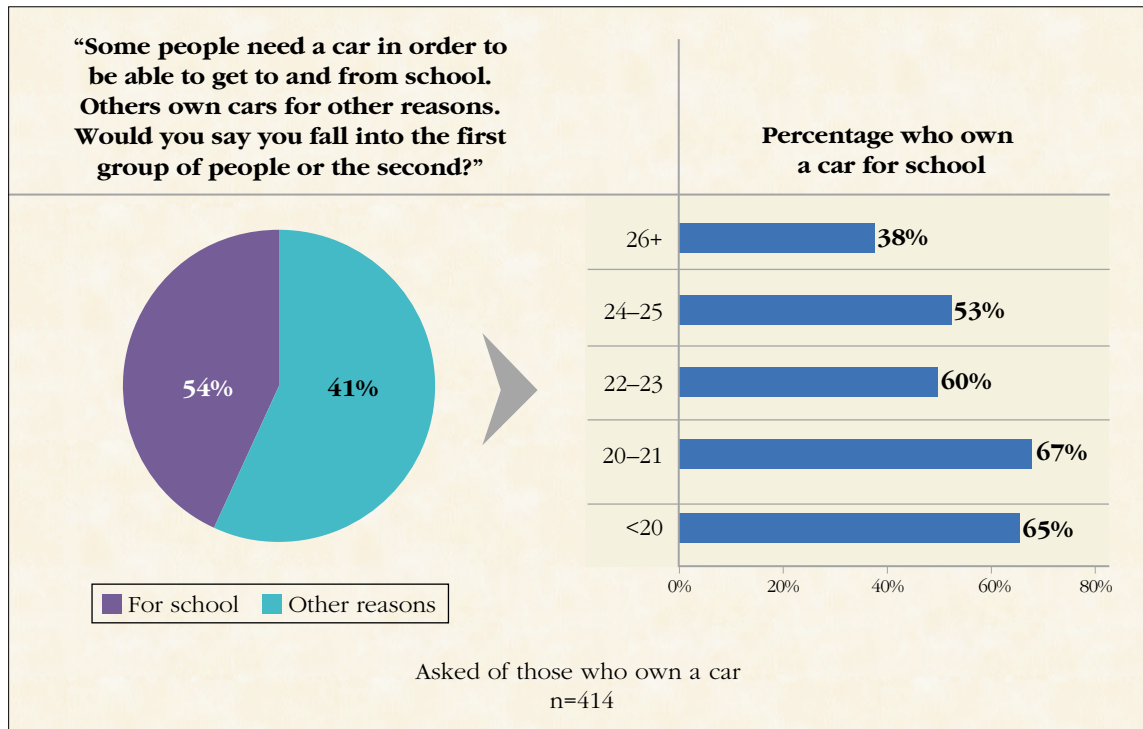
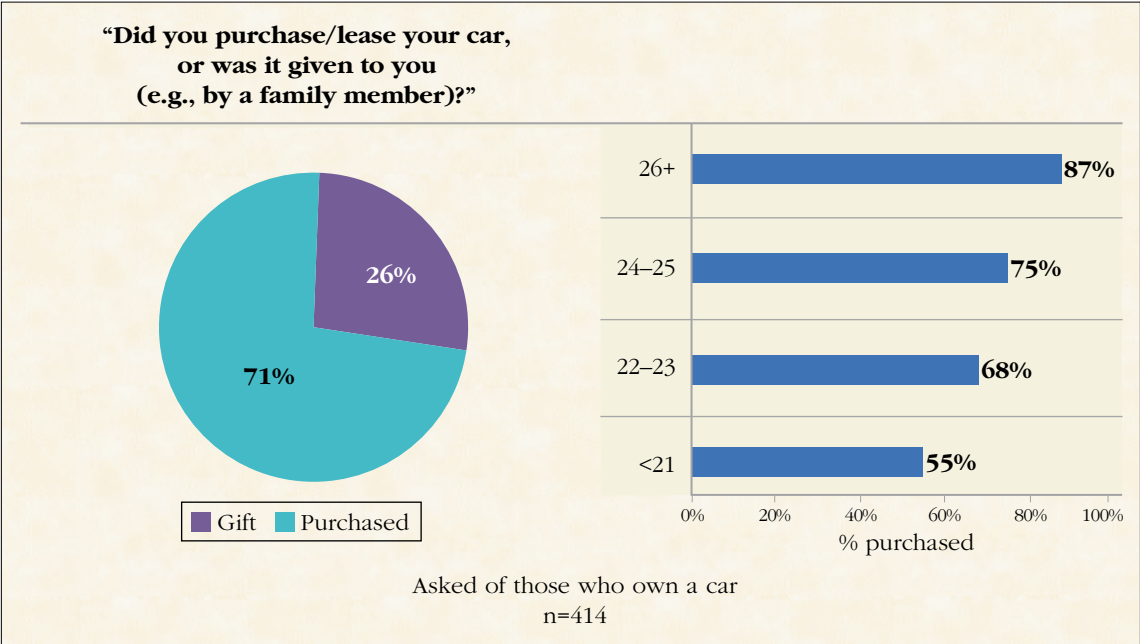


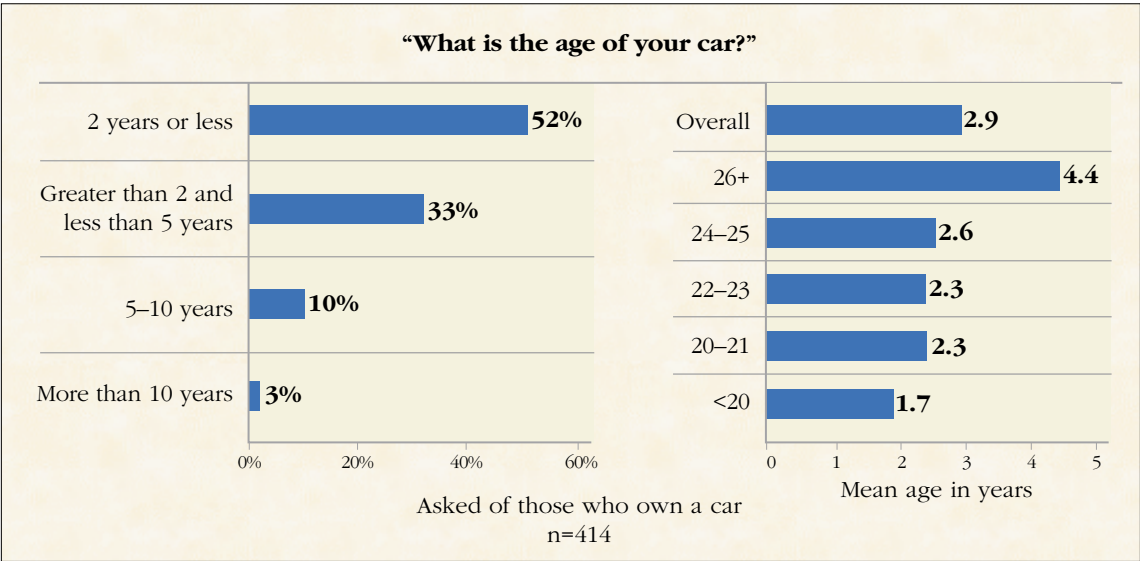
FIGURE 15 — CAR AS PURCHASE OR GIFT



It is surprising to see that half of the cars owned by students are less than two years old (52 per cent).<sup>1</sup> An additional third of students who own cars have vehicles that are two to five years old. One in ten said that their cars are between five and ten years old. While there are some students with older vehicles,

bringing the average overall age of the car to 2.9 years, the median is 1.8 years (with half of car owners reporting a vehicle age of less than 1.8 years). The age of the vehicle does not vary significantly depending on whether it was a gift or purchased/leased by the student.

FIGURE 16 — AGE OF CAR



1. Some students may have interpreted the question to mean the number of years since they have owned the vehicle, rather than the actual age of the car.



Older students tend to have older cars: 30 per cent of car owners over the age of 25 have cars that are at least five years old, compared to five per cent of younger car owners. (The previous chart indicates the average age of the vehicles owned, according to the age of the owner.) Consequently, those who live with their parents tend to have newer cars, whereas students living with their spouse and who have dependents have slightly older cars (mean age of car is closer to four years, at least one year older than the overall average), however, these patterns no longer hold when the analysis controls for age.

Despite the fact that 71 per cent of car owners reported that they purchased or leased their vehicle (and therefore should have knowledge of the value of the vehicle), the figures on car values do not seem entirely credible in light of what students reported the average age of their vehicle to be. Over half of the cars that students own (53 per cent) have a value of less than \$5,000 or no real value; approximately one in five (19 per cent) said that their car has a current value between \$5,000 and \$10,000 and a further 18 per cent said that their car was worth more than \$10,000. The average value cited is roughly \$5,500 (with a median value considerably

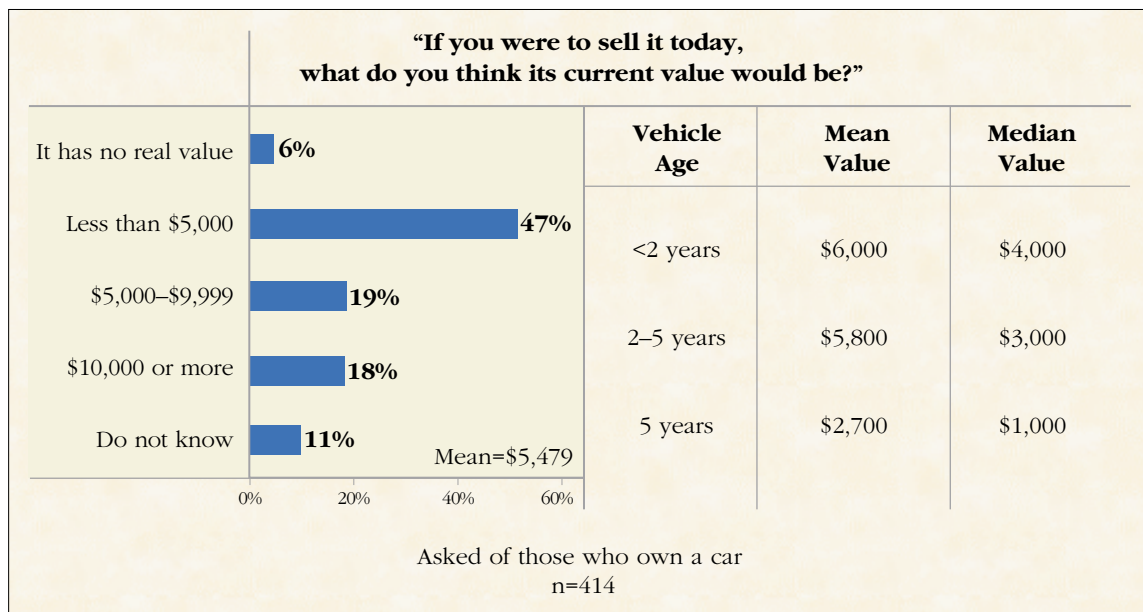
lower at \$3,000). It is possible that students do not have a realistic sense of the value of their vehicles, however, it is more likely (given the age distribution reported for these vehicles) that respondents misunderstood the question and reported the years since they have owned the vehicle and not the actual age of the car.

Vehicles that were purchased (or are leased) are reported to have a higher value (with an average of \$6,100 and median of \$4,000), compared with those that were given as gifts (an average reported value of \$4,200 and median of \$2,000).

The average reported value of the vehicles that are reported to be less than two years of age is \$6,000, with a median of \$4,000, as indicated in Figure 17. Since there are very few cars on the market that can be purchased for less than \$16,000–\$18,000, these figures seem understated. In fact, the average value does not drop significantly in the two to five year old category (making the reported value of cars under two years old even more suspect).

Older students tend to report more valuable vehicles. Consequently, those with more credit cards also tend to report more valuable vehicles, however, this relationship is not maintained when the analysis controls for age.

**FIGURE 17 – VALUE OF CAR**



### 3.2 COMPUTER ACCESS AND OWNERSHIP

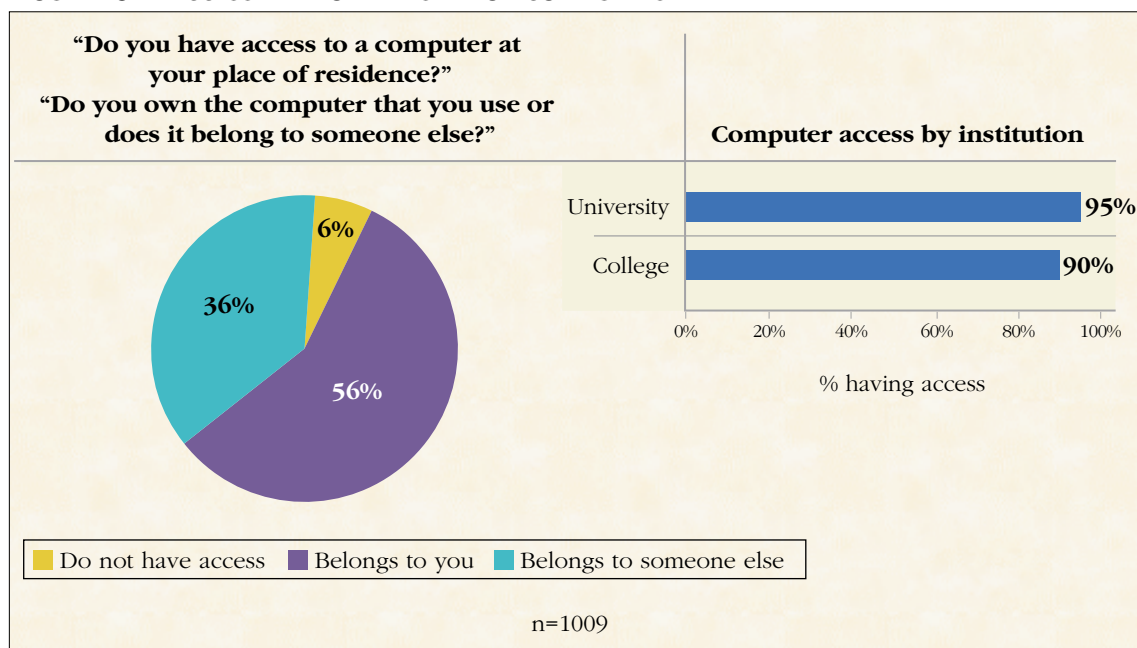
Nearly all students (93 per cent) have access to a computer at their place of residence. This proportion is largely the same across age groups. The proportion is higher among those who live with their parents (96 per cent, compared to 88 to 89 per cent among those who live with roommates or alone), as well as among university students (95 per cent vs. 90 per cent among college students). There is also an unexpected relationship between computer access and having a line of credit. Students who have a line of credit are somewhat less likely (89 per cent) to have access to a computer compared with students who do not have a line of credit (94 per cent), even though there is no relationship between access to a computer and age.

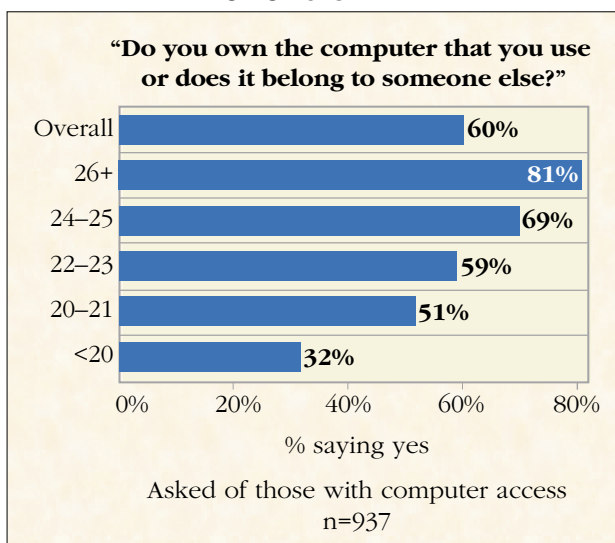
Overall, six in ten of those students who have access to a computer at their place of residence said that the computer belongs to them. Those who live with their parents

are far more likely to indicate that the computer belongs to someone else (55 per cent), whereas at least three out of four students who have other living arrangements said that the computer belongs to them. Consequently, the distribution of ownership by age is also affected (as shown in the chart). There is also a relationship based on type of school and number of credit cards, however, these become non-significant when age is controlled for in the analysis. Support from parents is a factor in whether or not the student owns the computer among students 26 years of age or older. Men are also more likely to own their computer irrespective of age. Computer ownership is somewhat higher in Ontario.

*Nearly all students (93 per cent) have access to a computer at their place of residence.*

**FIGURE 18 — ACCESS AND OWNERSHIP OF COMPUTERS**



**FIGURE 19 – COMPUTER OWNERSHIP  
BY AGE OF STUDENT**

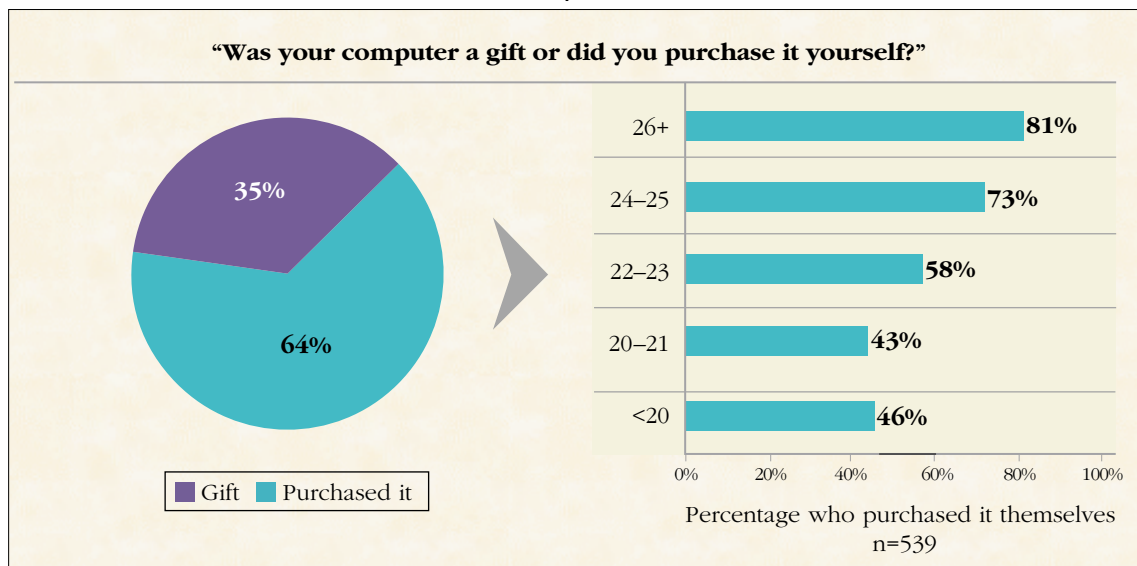
Nearly two out of three students (64 per cent) who own a computer said that they purchased it themselves. The proportion that received their computer as a gift (35 per cent overall) declines steadily with age (over half of students under 22 received their computer as a gift, compared to one in four students aged 24–25 and 17 per cent of students over the age of 25).

More men than women purchased their own computers. Also, students in Quebec are more likely to have purchased their computer

than students in the rest of the country. It is perhaps counterintuitive that those who receive financial support from their parents are considerably more likely to say that they purchased their computer (rather than received it as a gift).

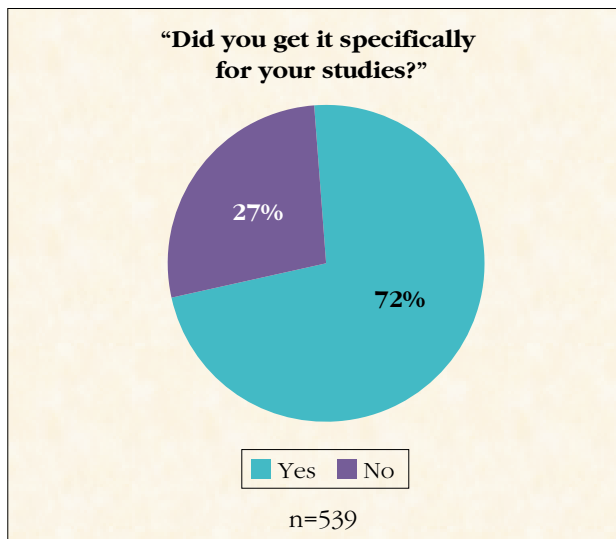
Those who received their computer as a gift tend to live with their parents (41 per cent of owners) or with roommates (42 per cent). They tend to own fewer credit cards, have no line of credit and are less likely to own a car. All of these relationships are also closely tied to age. The numbers of cases for this survey item, however, are too small for a reliable test, controlling for age. The likelihood that they were given their computer as a gift increases if students were given their car as a gift as well.

Almost three in four computer owners (72 per cent) said that they got their computer specifically for school. They tend to be full-time students attending university and are also more likely to be receiving government support for their post-secondary education. Those for whom the computer is not specifically for school are more likely to be living with their parents and/or are older students (over 25 years of age). They also tend to report dependents and/or a line of credit. Men

**FIGURE 20 – COMPUTER – GIFT OR PURCHASE, OVERALL AND BY AGE OF STUDENT**

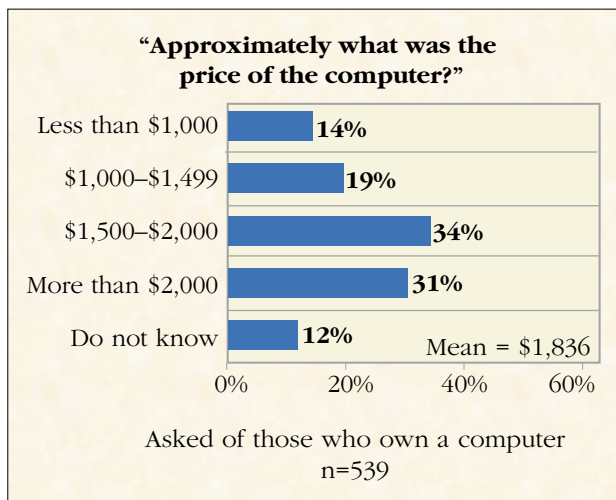
are also more likely to say that they purchased their computer for reasons other than school. Living arrangement (with parents) and gender differences exist independent of age of the student. Among those with dependents and a line of credit, purchasing a computer for reasons other than school is a pattern only seen for the oldest students.

**FIGURE 21 — REASON FOR COMPUTER ACQUISITION**



Students estimated that the average price paid for their computer was just over \$1,800. The estimated value shows a normal distribution, centered at the mean, with a few exceptions where students reported their computer costing more than \$4,000.

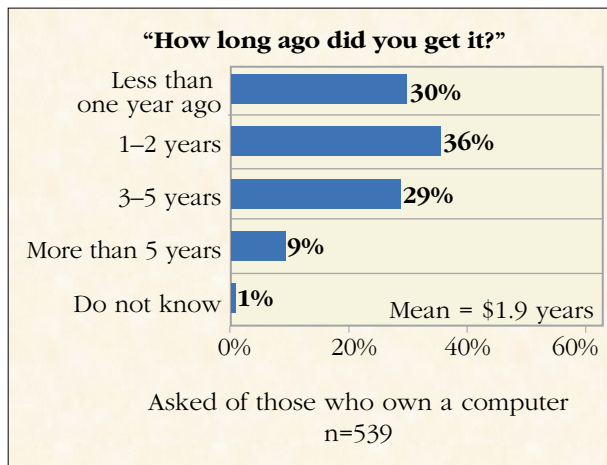
**FIGURE 22 — COST OF COMPUTER**



Those who purchased their computer estimated the cost (with a median of \$1,800) slightly above the cost of computers that were acquired as gifts (median of \$1,500). Also, students in Quebec are slightly more likely to have paid more for their computers (with a median of \$2,000). This is also the case among students reporting a line of credit (also \$2,000). Those receiving government assistance, however, reported slightly lower values for their computers (with a median of \$1,700). A higher concentration of men paid high prices for their computers. While the median is still \$1,800 (as is the case with the overall sample), a higher proportion reported paying just over \$2,000 (so male students are less likely to pay a wide range of prices for their machines).

The age of students' computers is distributed in a fairly normal pattern, centred at the mean of two years. Nearly all computers were purchased within the last five years.

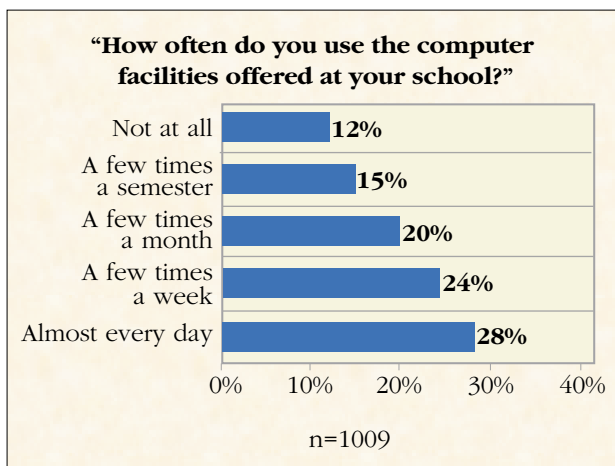
**FIGURE 23 — AGE OF COMPUTER**



The reported cost of computers has remained steady over the past few years, with an average price of \$1,800. Computers that were acquired more than five years ago tend to have been slightly more expensive, at an average cost of \$2,000.

Naturally, younger students (who have been in school for fewer years) tend to have newer computers than older students (who may have purchased them longer ago, when they first arrived at school).

**FIGURE 24 – USE OF COMPUTER FACILITIES AT SCHOOL**



Just over half of all students regularly use the computer facilities offered at their school (28 per cent use them almost every day and a further 24 per cent indicated a few times a week). One in five use their school's computer facilities a few times a month. The remaining students rarely (15 per cent indicated less than once a month) or never (12 per cent) use the computer facilities at school.

Whether or not students have access to or own a computer has a surprisingly limited impact on the intensity of use of school computer facilities (even daily or several times a week). Those who do not have access to a computer at their residence are, naturally, more likely to be frequent users (77 per cent use the computer facilities a few times a week or more). A fair proportion, however, of those who have access to a computer, and even of computer owners, still use the school computers regularly (49 to 50 per cent use

school computers at least a few times a week). Computer owners are, nonetheless, somewhat more likely to indicate that they never use the school's computer facilities (14 per cent vs. five to nine per cent of those without a computer at all or who have access to one but do not own it). Most students, however, rely on school computer facilities at some point, even if they have access to or even own a computer themselves.

There is a relationship between usage of school computers and age. Younger students (under 20) are likely to use school computers with less frequency (every few months to a few times a month) than their older age counterparts. More of the slightly older students (20 and 21 years of age) use the school computers more often (a few times a month to a few times a week). The oldest students are split into opposite ends of the spectrum, with 30 per cent using school computers rarely, if at all, and 35 per cent using them almost every day.

Male students use the school computer facilities more frequently than female students (even though they are slightly more apt to have access to a computer and significantly more likely to own it).

Students who are employed use the school computer facilities somewhat less frequently than students who do not work. Among students 26 and older, full-time/part-time status at school is also a telling indicator of use of school facilities. Forty-two per cent of full-time students report that they use these computers almost every day.

Students in Quebec use their school's computer facilities less often (35 per cent indicated less than once a month or never; 19 per cent use them every day). This is, in part, influenced by the tendency for younger students to use the school computers less frequently (Quebec students are younger).



3.3 OTHER ASSETS

Most students indicated that they own at least one piece of electronic equipment. The most frequently mentioned items are stereos (63 per cent) and televisions (62 per cent), followed by VCR/DVD players (55 per cent). Four in ten students have a portable stereo (40 per cent) or own a cell phone (39 per cent). One in five students has a video game console.

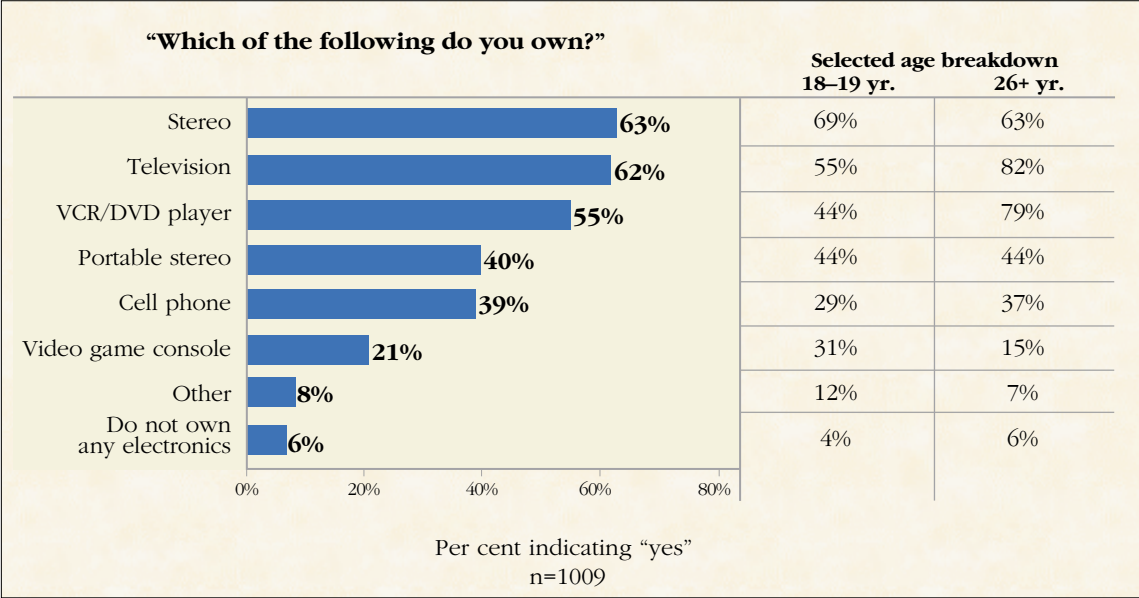
While the video game console is something that is typically owned by younger students (31 per cent of students 18–19 vs. 15 per cent of students over the age of 25), other items such as televisions and VCRs or DVD players tend to be acquired by a greater proportion of older students (82 per cent of those over the age of 25 vs. 55 per cent among those aged 18–19 reported owning a television). Those living alone or with a spouse also tend to own a television (nine in ten) and VCR/DVD player (eight in ten), whereas students living with their parents are among the most likely to have a cell phone (50 per cent). These results are not surprising

since students living alone or with a spouse tend to be older and students living with parents have ready access to a television and VCR/DVDs that they do not have to purchase. This being the case, these younger students, who have access to some basic electronics, are then in a better position to afford such extras as cell phones.

A greater proportion of women have a cell phone (43 per cent vs. 34 per cent of men). On the other hand, men are more likely than women to own a stereo (67 per cent vs. 59 per cent) or a video game console (33 per cent vs. 11 per cent). Students who have a video game console are somewhat less likely to receive financial support from their parents. Stereos and cell phones seem to be more discretionary than other items since proportionately fewer students own these items and they are more likely to be owned by students who are employed.

*Most students indicated that they own at least one piece of electronic equipment.*

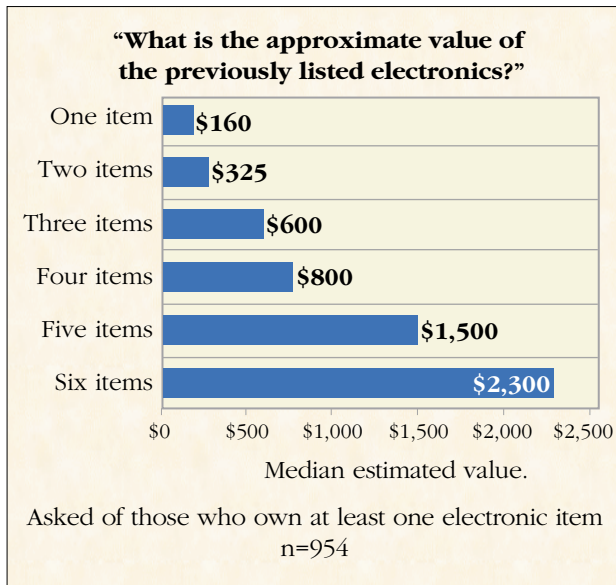
FIGURE 25 — OWNERSHIP OF ELECTRONICS



These findings suggest that there is a younger, financially dependent group of students who are more likely to have cell phones and video game consoles. The older student cohort, living with their spouse and dependents, is more likely to have a different set of electronic devices, particularly televisions and VCR/DVD players. They are also more likely to own a computer and a car, and typically use their car for reasons other than getting to and from school.

The median total value of the electronic items owned by students is reported to be \$500. Students who own one item estimated the value to be \$160, two items \$325, three items \$600 and four items \$800. There is a significant increase in the total value when students own five or more electronic items. Students who own five of the electronic items listed above estimated the value at a median of \$1,500; six items at \$2,300.

**FIGURE 26 – VALUE OF ELECTRONICS OWNED**



Part-time students own a greater number of items on the list than full-time students (likely a function of age). The oldest students

are more likely to own a larger number of items on the list (77 per cent of students over 25 own three or more, compared with 59 per cent in the overall sample). The mean and median values of owned items increase with age, so the oldest students with many items report large values for those items, inflating the average value for everyone in the age category.

This same pattern can be found in the type of living arrangement reported. Those living with their parents are more likely to report owning one or two items, while those living alone or with a spouse, or who report dependents, are more likely to own many. Students who live with their parents and, even more so, students who live with spouses, tend to report higher values for their electronic items.

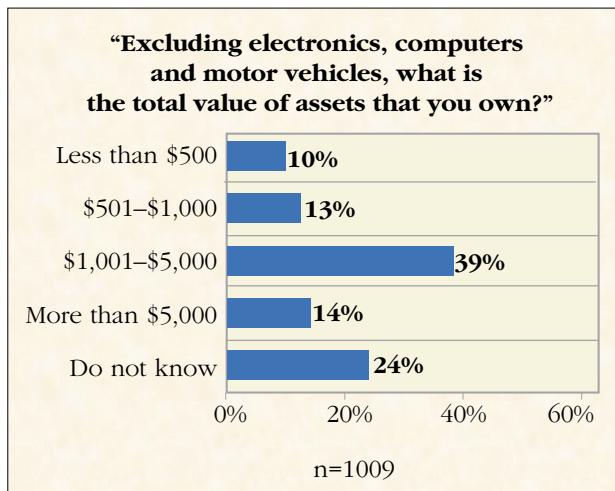
Those employed are far more likely to own three or more items (63 per cent vs. only 50 per cent among students who are not employed). The employed also report a slightly higher average value for these items. Likewise, car owners show the same pattern with respect to number of items owned and average value of these items (71 per cent own three or more items on the list, as opposed to 52 per cent of those who do not own a car). Students with no credit cards are more heavily concentrated in the group owning no items (and also report a lower average value for items that they do own), and those with a line of credit own the largest number of items and report the highest value for the items they own.

Although men and women own the same number of electronic items, the estimated value is nearly twice as high among male students (with a mean of \$1,260 and median of \$800) compared to the value estimated by female students (where the mean is \$810 and median is \$660).

Excluding previously mentioned items such as electronics, computers and motor vehicles, and removing outliers above \$80,000<sup>2</sup> (which are likely to include homes), the median total value of students' other assets (including property, furniture, books, household goods, bicycles, etc.) is approximately \$2,000, with a mean of just over twice that at \$4,100. Six out of ten students estimated that their assets are worth \$5,000 or less (of those who reported a value, and almost one in four did not).

The value of all other assets increases with the age of the student from a median of \$1,500 for the youngest group to \$3,000 for the oldest group. This is also reflected in the living arrangement of students, whereby those living with spouses report the highest values, followed by those living alone, those living with roommates and then students living at home (who reported the lowest overall value of other assets).

**FIGURE 27 — VALUE OF OTHER ASSETS OWNED**



2. This is not to suggest that these values are not “real,” however, they are representative of only a handful of students' situations and are widely outside of the central dispersion of values reported by most students. These few values distort the mean in a significant enough way to warrant removing them from its calculation.





# CHAPTER 4 — EMPLOYMENT PROFILE

## 4.1 INCIDENCE OF EMPLOYMENT

### Summer Employment

Students were asked to report their summer (2001) employment earnings in the baseline survey. Earnings were to be reported as net, not gross, pay. It should be noted, however, that very little income tax would be levied on these earnings based on their small amounts, as well as the short-term nature of the positions. One in ten students (11 per cent) had no employment earnings in the summer. Of the rest, the largest group of students (30 per cent) earned between \$2,000 and \$4,000 (next exhibit). Considering only the students who reported any summer employment earnings at all, the median is surprisingly low, at \$3,200, as is the average income, at \$4,000.<sup>1</sup> In fact, the average employment earnings across all students, including those without any earnings for the summer period, is only \$3,500.

Among those reporting summer employment earnings, the amount of income earned rises steadily with age level, with particularly steep rises from 19 to 20 years of age, and from 25 to 26 years of age (next table). Note the large increase in average earnings for students over 25 years of age, considering, first, all students and, second, only those reporting summer employment earnings. This is because one in five (20 per cent) students over the age of 25 reported no summer income at all.

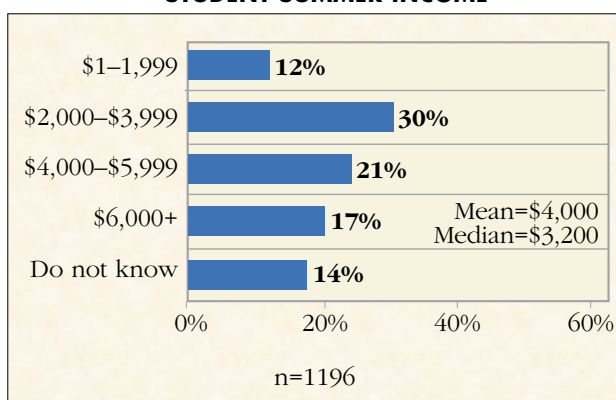
*The average employment earnings across all students, including those without any earnings for the summer period, is only \$3,500.*

By geographic region, the amount of summer employment earnings is highest in Alberta and lowest in Quebec, British Columbia and the Atlantic, which is consistent with the difference in the age distribution of students across the country. Once age is removed from the equation, the summer earnings of students is fairly flat across the country.

Men earned more than women, reflecting gender wage gaps in the labour force at large, in spite of the fact that female students have yet to experience the kinds of events and family pressures in their personal lives which are typically used to explain this type of income gap in their working lives.

When applied to the typology of five student groups, the data demonstrate a large jump in summer income earnings for the Working Mature, compared to the other segments. This is followed by the Studying

**FIGURE 28 — PERCENTAGE DISTRIBUTION OF STUDENT SUMMER INCOME**



1. This average includes a number of students (22) reporting quite low earnings (under \$500) and a similarly small number reporting very high earnings (over \$10,000) for the summer period.

**TABLE 4 — STUDENT MEAN SUMMER EMPLOYMENT INCOME,  
ACCORDING TO SOCIO-DEMOGRAPHIC CHARACTERISTICS**

<b>SOCIO-DEMOGRAPHIC CHARACTERISTIC</b>	<b>MEAN OF ALL STUDENTS (\$) (n=1549)</b>	<b>PERCENTAGE NOT REPORTING EARNINGS (n=1549)</b>	<b>MEAN OF STUDENTS WITH SUMMER EARNINGS (\$) (n=1196)</b>
<b>Age (years)</b>			
18-19	1,900	0	2,200
20-21	2,900	7	3,100
22-23	3,800	9	4,200
24-25	4,100	9	4,600
26 +	4,500	18	5,600
<b>Region</b>			
BC	3,200	13	3,800
AB	4,300	5	4,500
Prairies*	3,600	6	3,900
Ontario	3,800	10	4,300
Quebec	3,100	12	3,800
Atlantic	3,100	13	3,700
<b>Gender</b>			
Men	3,800	11	4,300
Women	3,400	11	3,800
<b>Typology</b>			
Supported At Home Working	3,400	3	3,500
Working Mature	6,400	6	6,900
Studying Mature	3,300	29	4,900
Traditional Non-working	3,400	17	4,100
Traditional Working	3,500	3	3,600

\* For the purposes of this study, the Prairies are restricted to the provinces of Manitoba and Saskatchewan, for two reasons: First, recent research has indicated that attitudes and behaviours in Alberta differ significantly from Manitoba and Saskatchewan. Second, because Alberta's student population is twice as large as that of Manitoba and Saskatchewan combined, including it would skewer data about the prairies. Furthermore, Alberta's student population represents a sufficiently large sample size to warrant differentiating it from the rest of the prairies.

Mature, who report the second highest summer earnings (among those who actually earned an income). This is not surprising since these two groups are the oldest students, on average.

Summer income was higher for students who did not receive support from their parents than those who did (next table). This implies either that students feel compelled to earn more to make up for their lack of parental support, *or* that parents feel compelled to make up for their children's shortfall in summer earnings.

There is no clear link between the amount of summer employment earnings and the *amount* of parental (non-loan) assistance they receive. Nor are summer income levels related to the amount of government loans. There is, however, a significant relationship between amount of summer employment earnings and debt. Those with higher levels of credit card debt (\$2,500 or more) and higher levels of other debt (\$2,500 or more) were more likely to have higher average summer employment earnings.

**TABLE 5 — STUDENTS' MEAN SUMMER  
EMPLOYMENT EARNING  
LEVELS ACCORDING TO  
FINANCIAL STATUS**

<b>FINANCIAL CHARACTERISTIC</b>	<b>MEAN (\$)  (n=1549)<sup>2</sup></b>
<b>Parental Support?</b>	
Yes	3,400
No	3,900
<b>Amount of Support From Parents (\$)</b>	
< \$500	2,700
\$500–\$999	2,700
\$1,000–\$2,499	3,500
\$2,500 and over	3,300
<b>Government Debt</b>	
< \$3,000	2,900
\$3,000–\$5,000	3,500
\$5,000 and over	3,300
<b>Credit Card Debt</b>	
< \$500	3,800
\$500–\$999	3,500
\$1,000–\$2,499	3,800
\$2,500 and over	4,700
<b>Other Debt</b>	
< \$500	3,200
\$500–\$2,499	3,100
\$2,500 and over	4,500

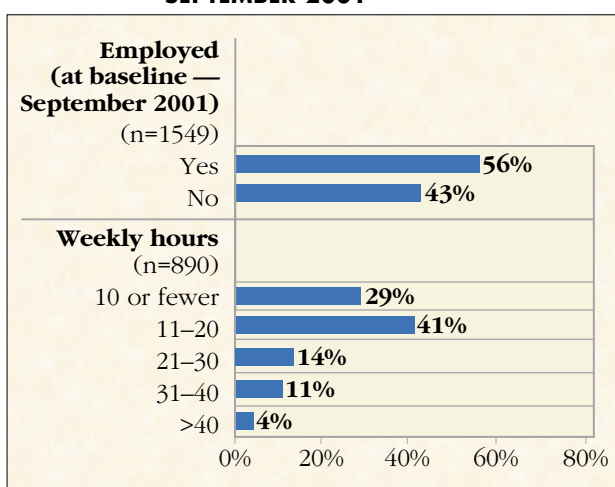
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2. Mean of all students, including those who did not report any summer employment income.

## 4.2 EMPLOYMENT DURING THE SCHOOL YEAR

The baseline survey, conducted at the beginning of the school year, asked students about their employment status at that time and their intentions to work during the school year. In September 2001, 56 per cent of students were employed (next exhibit). The average number of hours students spent working on a weekly basis was 19 hours.

**FIGURE 29 – STUDENTS' EMPLOYMENT STATUS – SEPTEMBER 2001**

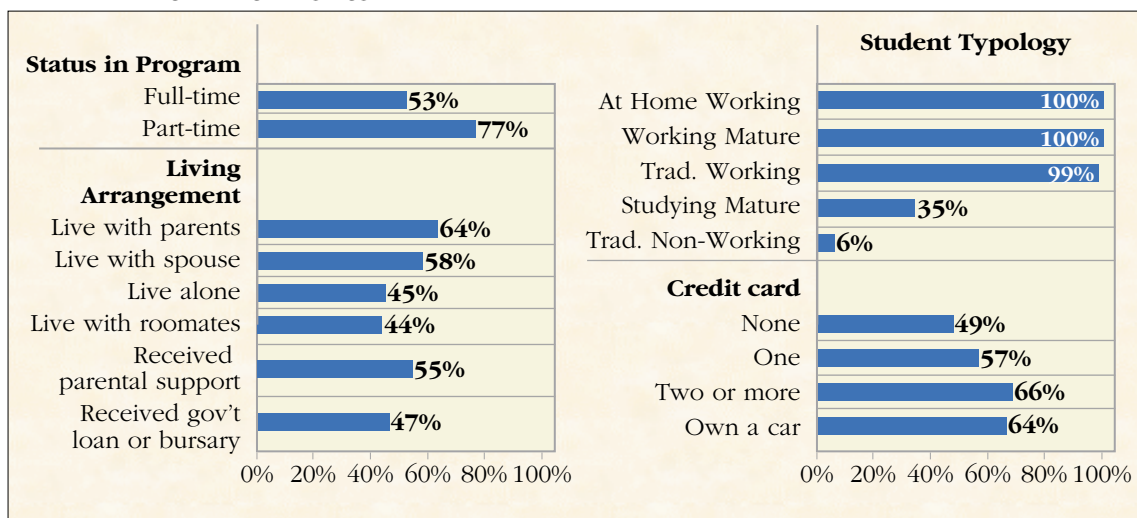


Part-time students (77 per cent), students who own a car (64 per cent) and those with credit cards (66 per cent among those with

two or more) were more likely to have been employed at the baseline (next table). Interestingly, students who live with their parents have a higher probability of being employed (64 per cent) than other students, but students who receive financial support from their parents are less likely to report being employed (55 per cent compared to 60 per cent of those who did not receive support). Those who live with their parents work fewer hours, however, compared to students who are employed and have other living arrangements. Students who received a government loan or bursary are less likely to be employed (47 per cent compared to 62 per cent among those who did not receive a loan or bursary).

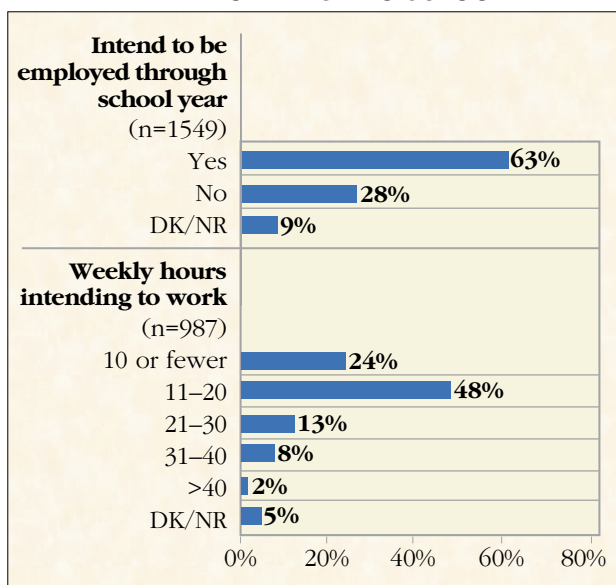
In September 2001, almost two-thirds of students (63 per cent) said they intended to work during the school year (next exhibit). The mean number of hours these students expected to work was about 18. A similar pattern of responses across sub-groups is evident for this item, as for students' actual employment status (e.g., part-time students, those who own a car, live with their parents and do not have a government loan or bursary are more likely to be intending to

**FIGURE 30 – STUDENTS' BASELINE EMPLOYMENT STATUS ACCORDING TO SELECTED STUDENT CHARACTERISTICS**

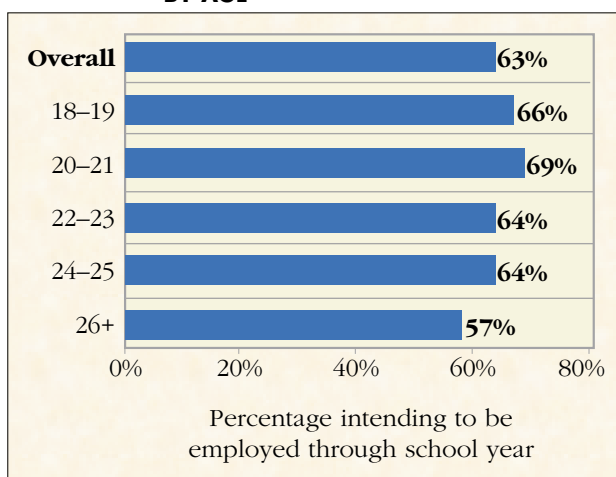


work). Unlike students' actual employment, intention to work varies by age. Older students are less likely to indicate intending to work during the school year (57 per cent among those 26 years and older—next exhibit).

**FIGURE 31 — STUDENTS' INTENTIONS TO BE EMPLOYED DURING SCHOOL YEAR**



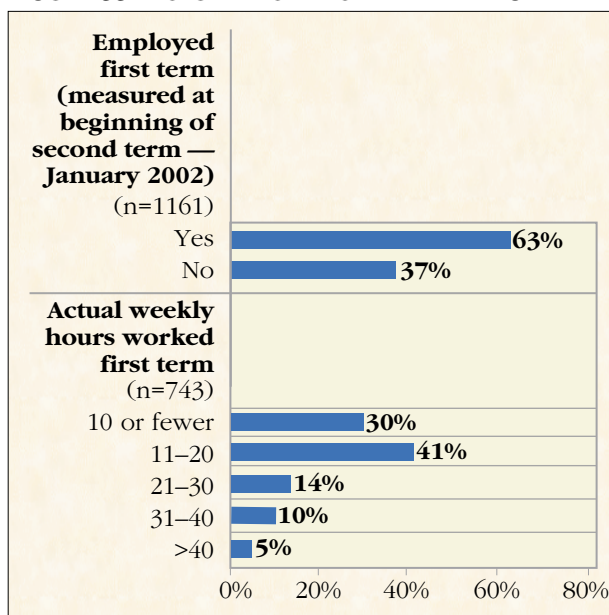
**FIGURE 32 — STUDENTS' INTENTIONS TO BE EMPLOYED DURING SCHOOL YEAR BY AGE**



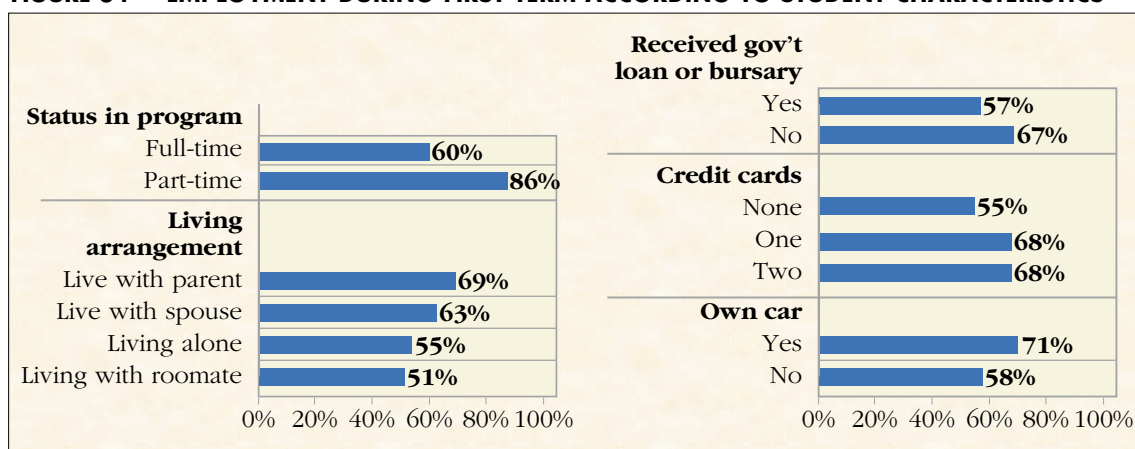
Students were asked a second time about their school year employment in the January 2002 wave of the survey. At that time, students were asked about their actual employment during the previous semester and their intentions to work during the

second term. Student's actual employment parallels very closely their reported employment intentions in September 2001. In September 2001, 63 per cent indicated they intended to work during the school year and the same proportion reported in January 2002 that they had, in fact, worked during the previous semester (next exhibit). The intensity of employment as measured by weekly hours worked is also similar to previously stated intentions: students expected to be working about 18 hours each week and reported in January 2002 that they had actually worked 19 hours per week. Students' average hourly wage was \$8 (note that this computation of hourly wage is based on reported after-tax monthly earnings).

**FIGURE 33 — STUDENTS' FIRST TERM EMPLOYMENT**

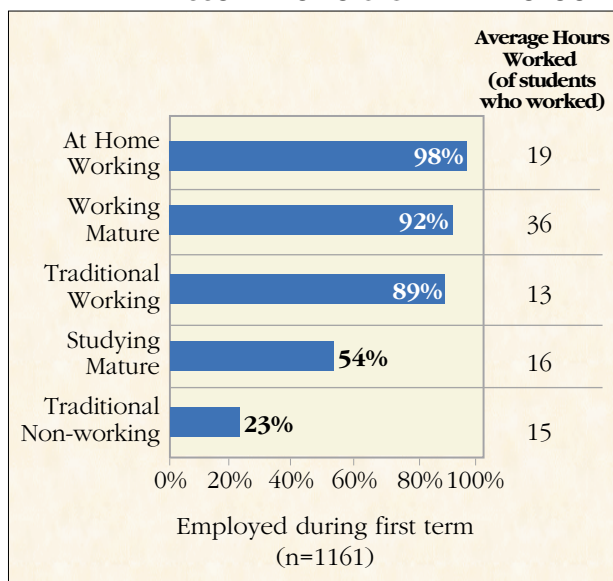


Students most likely to have worked during the first term follow the pattern described above in terms of employment status at the beginning of the semester. Part-time students and those with financial commitments (e.g., credit cards and cars) are more likely to be working (next exhibit). Students not receiving support from other sources, such as parents or government, are also more likely to have been employed during their first term at school.

**FIGURE 34 – EMPLOYMENT DURING FIRST TERM ACCORDING TO STUDENT CHARACTERISTICS**

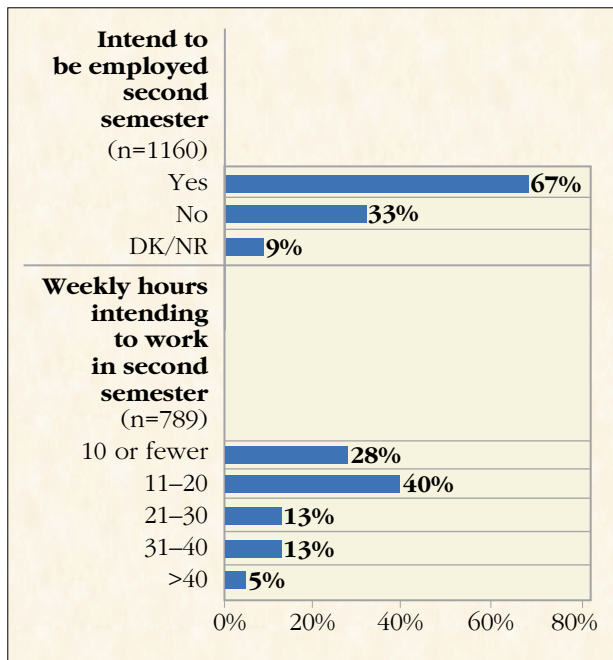
Similarly, among students employed in the first term, those working more hours on average are: part-time students, those who own a car, students living with a spouse, students not receiving parental support, those with credit cards and students without a government loan or bursary.

As described in Chapter Two, there are two groups of students under the typology that are far less likely to work during the school year than the other students: the Studying Mature and the Traditional Non-working. One quarter and one-half (23 and 54 per cent) of these two groups respectively report employment income during the school year, while virtually everyone in the other three groups report some type of employment income. The intensity of employment further distinguishes the grouping of students. The Working Mature work almost full-time, reporting an average of 36 hours per week (among those who work). The Supported At Home Working report the second greatest intensity of work at an average of 19 hours, while the Traditional Working report a slightly lower number of hours worked per week (13). Both the Studying Mature and the Traditional Non-working report similar hours worked per week (among the one-quarter to one-half in each group who work).

**FIGURE 35 – EMPLOYMENT DURING SCHOOL YEAR ACCORDING TO STUDENT TYPOLOGY**

About the same proportion of students who worked during the first semester intended to work during the second semester (67 per cent) (next exhibit). Similarly, the mean number of hours students expect to work is about 20 each week. The sub-group patterns for these items mirror the patterns discussed above in terms of actual employment during the first term.



**FIGURE 36 — STUDENTS' INTENTION TO WORK IN SECOND TERM — JANUARY 2002**

Chapter Seven examines the overall pattern of income from all sources, across the entire year. The theme of employment earnings is continued there, including the monthly averages and total value for the year, for all students and by key sub-groups.



### 4.3 IMPACT OF EMPLOYMENT ON SCHOOLING

*Employment during the school year had little impact on academic performance as measured by students' grades.*

The Student Financial Survey offers a variety of ways to measure the potential impact of employment on schooling, including: academic performance as measured by students' grades, the need to attend school part-time and the speed at which the student is able to complete his or her studies (self-assessed by students). Each of these is discussed, in turn, below.

#### Impact on Academic Performance

The following table presents students' academic performance considered in terms of participation in employment. Both measures — academic grades and employment — are

measured during the first semester (the only time period for which students' grades are available). These data suggest that employment during the school year had little impact on academic performance as measured by students' grades. The proportion employed is similar across different grade levels and this holds true for both the younger and older student age group.

The potential impact of the *extent* of employment (as measured by the mean amount of earnings from employment and the amount of hours worked) on school performance is also examined. The results reveal that the number of hours spent working and mean monthly employment income do *not* vary significantly by grade, indicating that the intensity of work does not appear to

**TABLE 6 — STUDENT EMPLOYMENT AND FIRST TERM GRADE, SEPTEMBER 2001 TO DECEMBER 2001**

<b>OVERALL (ALL AGES) (n=1161)</b>	<b>% EMPLOYED</b>	<b>HOURS WORKED</b>	<b>MONTHLY EARNINGS</b>
<b>A Average</b>	62	11.8	\$504
<b>B Average</b>	62	11.5	\$469
<b>C or Lower Average</b>	68	13.5	\$438
<b>Total</b>	63	12.2	\$478

\* Computations based only on students with valid grade data during the first term, and *include* those who received no money from employment.

**TABLE 7 — MEAN WEEKLY HOURS WORKED AND MEAN HOURLY WAGES\*,  
AMONG FULL-TIME STUDENTS WHO WORKED IN FIRST TERM,\*\*  
BY AGE GROUP AND FIRST TERM GRADE, SEPTEMBER 2001 TO DECEMBER 2001**

	<b>ALL STUDENTS (N=510)</b>		<b>UNDER 22 (N=190)</b>		<b>22 OR OLDER (N=312)</b>	
	<b>HRS WORKED/ WEEK</b>	<b>WAGES/ HRS (\$)</b>	<b>HRS WORKED/ WEEK</b>	<b>WAGES/ HRS (\$)</b>	<b>HRS WORKED/ WEEK</b>	<b>WAGES/ HRS (\$)</b>
<b>A Average</b>	15.3	10.60	16.4	7.10	14.7	12.20
<b>B Average</b>	15.5	8.60	15.8	7.30	15.2	9.50
<b>C or Lower Average</b>	18.0	8.30	19.8	8.20	16.5	8.30
<b>Total</b>	16.2	9.20	16.8	7.30	15.8	10.30

\* Hourly wage is computed by dividing (1) mean monthly income from employment over the first term, by (2) mean weekly hours worked during the first term multiplied by four (to derive mean monthly hours).

\*\* Among full-time students who reported in the February 2002 survey that they had worked during the first term, and who reported first term grades in the January 2002 wave.

negatively affect school achievement. These results hold for both the younger and older student age groups.

A further analysis of the link between work and school performance was conducted focusing on full-time students, a more homogeneous and “typical” student population than part-time students, and once again is based on first-term work activity. Specifically, the target of the analysis is full-time students who worked during the first term, as reported in February 2002. Roughly three-fifths of full-time students worked in the first term, a proportion that does not vary appreciably by grade level or age.

The next table presents mean weekly hours worked and hourly wages for full-time students, by average student grades. C average students appear to work more hours than students at higher grade levels, though this difference is not statistically significant.

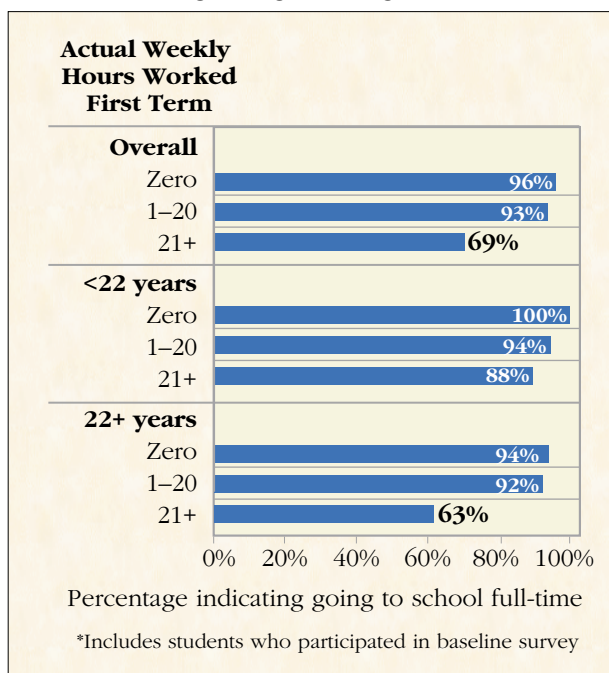
As for hourly wages, the results in the previous tables indicate students’ wages increase with their marks in school. A average full-time students are paid an hourly wage (\$10.40) that is about one-third higher than what students with a C average or lower are paid (\$8.00). This pattern exists for older students, but not for younger students. Within the older student group, age is a greater determinant of wages than academic grade. Older students are paid appreciably more than younger students, likely a function of both greater work experience and skills.

### Impact on Duration of Studies

The impact of employment on the time it takes students to complete their studies can be measured in two ways: first, the actual time it will take students to progress, the primary indicator of which is their status as full-time or part-time students, and, second, students’ perceptions of the impact of employment on the timely completion of their education.

In terms of the former, 12 per cent of students attend school part-time. Of these, 69 per cent indicated that they would prefer to be attending school full-time. Students’ employment status and the intensity of employment are related to their status as full- or part-time students. In particular, when students’ time spent working is more than 10 hours each week, their likelihood of being in school part-time increases (a similar relationship is evident when students’ earnings reach above \$500 on average per week). Conversely, students who work a minimal number of hours each week (i.e., 10 or fewer) and, therefore, also earn less are no more likely to be in school part-time than those not working at all (next exhibit). The pattern is much more pronounced for older students than it is for students 21 years old or younger, possibly due to the greater responsibilities older students have living away from the family home, often with dependents.

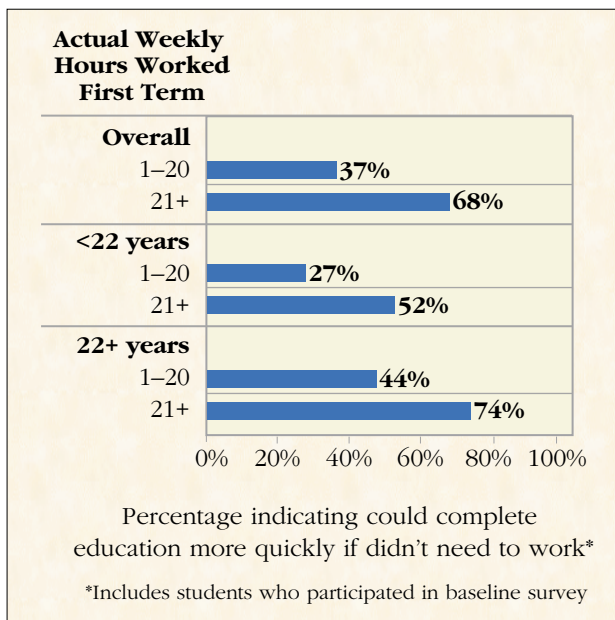
**FIGURE 37 — STUDENTS’ FULL-TIME STATUS  
ACCORDING TO HOURS SPENT  
WORKING AND AGE**



Students who indicated being employed at the baseline survey, or intended to be employed during the school year, were asked whether they could complete their post-secondary education more quickly if they didn't need to work. Almost half of students (46 per cent) responded that they would complete their studies sooner if they were not working. Not surprisingly, fully 71 per cent of those studying part-time indicated that employment was compromising the speed at which they were completing their education. However, 41 per cent of those in school full-time also indicated that they could complete their studies in a more timely way if they did not have to work.

The intensity of employment is a factor, with those who are working more hours (and consequently earning more from employment) being more likely to indicate an impact on duration of studies (next exhibit). This pattern generally holds for both younger and older students.

**FIGURE 38 – STUDENTS' PERCEIVED TIMELINESS OF STUDIES ACCORDING TO HOURS WORKED AND AGE**



## Impact of Employment on Finances

A number of indicators of students' general financial circumstances were created and used to determine the extent to which employment has a positive or negative impact on student finances. These financial indicators include: 1) total debt accumulated through the school year (including government loans, private loans and credit card balance) and 2) amount of each type of loan (i.e., government loan, private loan/line of credit and credit card balance). Note that a further exploration of the determinants of students' overall financial picture is presented in Chapter Seven.

As the next table indicates, the intensity of employment has an impact on a student's financial situation with respect to the total amount of loans incurred during the school year. Overall, students who work more hours (i.e., 10 or more per week) and who consequently earn more (i.e., more than \$500 weekly) incur fewer loans. For example, the total amount of loans for those working less than 10 hours per week is \$2,700, compared to \$1,900 for students who work more than 10 hours per week. The difference is driven in large part by a heightened reliance on government loans by those who work less (as opposed to differences in use of loans from other sources). Students who work less than 10 hours each week have government loans of approximately \$1,206 compared to \$714 for those working 10 hours or more per week. The mean amount of private loans is also somewhat lower, while amount of credit card balance is about the same regardless of the intensity of employment.

Looking at the results by age group, the above patterns disappear for students less than 22 years of age. Participation in employment and intensity of employment have no impact on the overall level of loans and no statistically significant impact on the amount of loans from the various different sources.

**TABLE 8 — MEAN AMOUNT OF LOANS FROM VARIOUS SOURCES BY AGE GROUP AND BY PARTICIPATION IN AND INTENSITY OF EMPLOYMENT**

<b>AGE GROUP</b>	<b>MEAN TOTAL LOANS (\$)</b>	<b>MEAN GOVERNMENT LOANS (\$)</b>	<b>MEAN PRIVATE LOANS (\$)</b>	<b>MEAN CREDIT CARD BALANCE (\$)</b>
<b>All Age Groups (n=1252)</b>				
Mean weekly hours worked during first term				
Zero	3,300	1,850	795	413
<10	2,700	1,206	766	485
10+	1,900	714	488	543
<b>Younger Students (&lt; 22 years) (n=412)</b>				
Mean weekly hours worked during first term				
Zero	1,400	944	262	181
<10	1,100	473	250	115
10+	1,300	450	509	203
<b>Older Students (22+ years) (n=791)</b>				
Mean weekly hours worked during first term				
Zero	4,200	2,330	980	553
<10	3,500	1,600	1,100	675
10+	2,300	862	499	732

The experience of older students underlies the overall results: for students 22 and older, participation in employment and intensity of employment have an impact both on the amount of loans incurred during the school year and on the amount of government loans, in particular. It is difficult to determine, however, whether students are not qualifying for student loans because of income earned from employment, because they prefer to rely on employment rather than debt or because they are working to make up for a deficit in the amount of loans made available to them.



# CHAPTER 5 — SUPPORT FROM PARENTS AND OTHER FAMILY MEMBERS

## 5.1 INCIDENCE OF SUPPORT

In the baseline survey, students were asked to indicate whether they would be receiving financial support from their parents or other family members towards their education for the school year. Almost half (46 per cent) indicated that they would be receiving financial assistance from a family member. This is highly related to age, however, with 68 per cent of students under 20 years of age reporting assistance compared to only one in five over the age of 25. There is also a very slight difference in the incidence of assistance from family by gender, with men being marginally more likely to receive support.

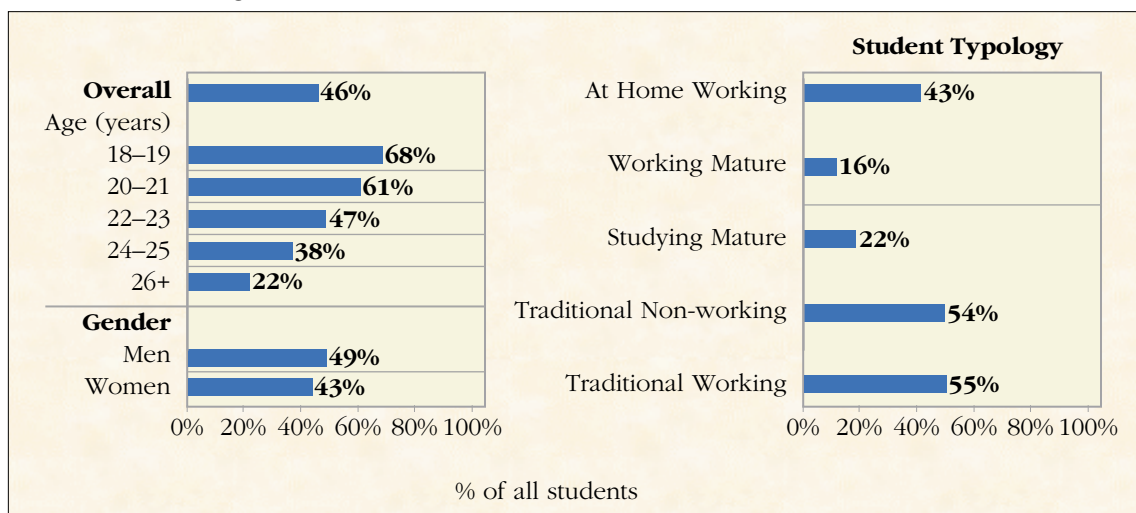
In terms of the student typology, the two older groups — Studying Mature and Working Mature — are far less likely to report an expectation of financial assistance from family coming into the school year (16 and 22 per cent). It should be noted that although only 43 per cent of the At Home Working

expected to be given financial assistance from family, recall that roughly 70 per cent lived at home during the school year and are therefore receiving in-kind family contributions, which are not given a financial value in this study.

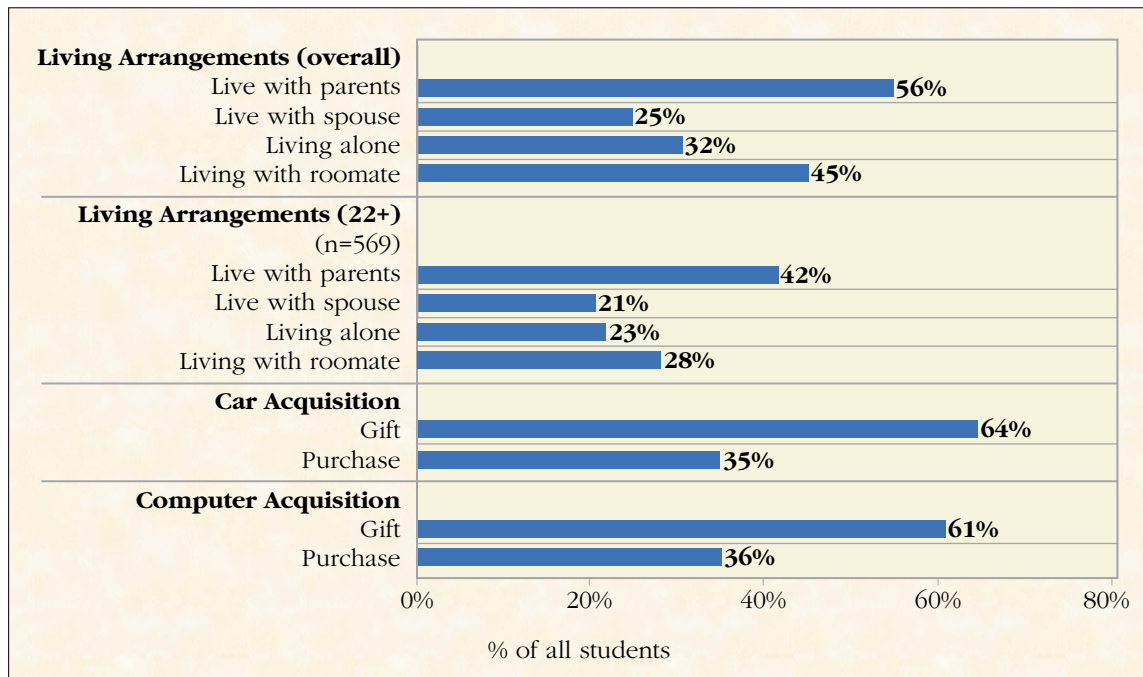
With student age as a significant determinant of expectation of assistance from family, there are a number of other relationships evident in the overall data that are themselves related to age. For example, likelihood of expectation of assistance from family is higher for students living with parents and lower for those living with a spouse or with dependents, and for those with other financial commitments or resources (e.g., credit cards, line of credit). While the relationships between support from family and financial credit tend to disappear when age is

*Almost half (46 per cent) indicated that they would be receiving financial assistance from a family member*

**FIGURE 39 — DISTRIBUTION OF STUDENTS EXPECTING TO RECEIVE FAMILY SUPPORT BY AGE AND GENDER**



**FIGURE 40 – DISTRIBUTION OF STUDENTS RECEIVING FAMILY SUPPORT BY OTHER CHARACTERISTICS**



controlled for, living arrangements continue to play an important role, at least for older age students; those students over 22 still living with parents are more likely to expect to receive financial assistance than those living with a spouse or roommate or alone. (There are few students under 22 who live with a spouse or live alone and, therefore, the impact of living arrangements for this group cannot be assessed.)

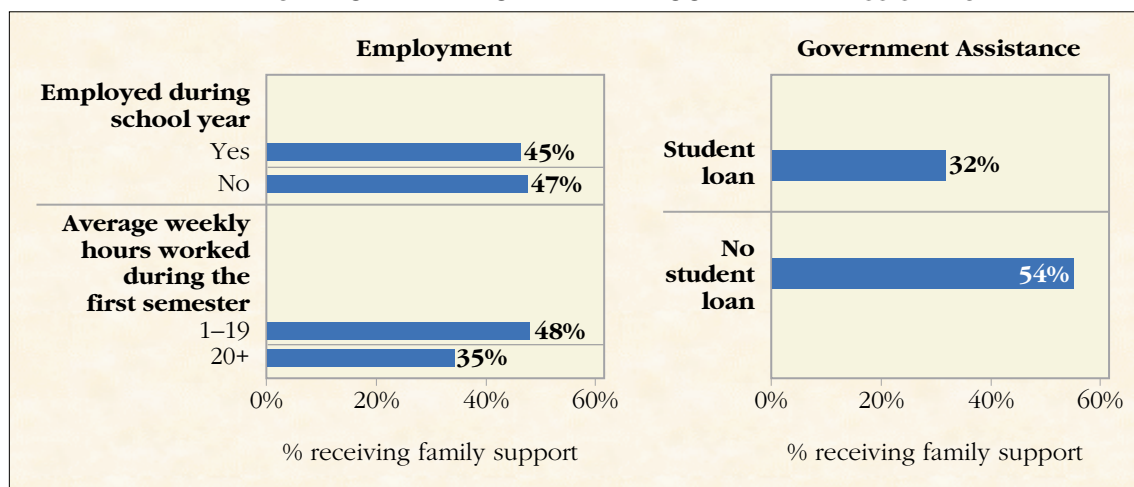
On a related note, the expectation of financial support from family is significantly related to other forms of (non-loan) assistance examined in the survey. For example, students who own a car that was a gift or have acquired a computer as a gift are more likely to expect to receive financial support toward their education from parents or other family members during the school year. In fact, financial support from family and gifts of cars or computers may be one and the same for some students.

Finally, the following exhibit presents the relationship between support from family and other forms of income, namely from employment and government. While the presence of financial support from family is not related to whether or not the student is employed during the school year, support is, however, related to the *extent* of employment. As the number of hours worked and the amount of earnings from employment increases, the likelihood that students will also receive assistance from parents or other family members decreases (or, conversely, parents are more likely to support children who do not have significant employment income, or students without family support are compelled to work more hours). This pattern holds across the younger and older student age groups.<sup>1</sup>

With respect to government assistance, the likelihood of support from family is higher for students not receiving government loans or bursaries. Again, the presence of family

1. These calculations include both students attending school full-time and part-time, however, the results only change marginally when part-time students are removed from the calculations, given that only 12 per cent of the sample attend part-time.



**FIGURE 41 — DISTRIBUTION OF STUDENTS RECEIVING FAMILY SUPPORT BY PARTICIPATION IN EMPLOYMENT AND GOVERNMENT ASSISTANCE**

support may be limiting students' eligibility for government assistance, or parents may be supporting children who did not receive sufficient government assistance to cover expenses. The pattern holds true for both the younger and older age groups.

While 46 per cent of students indicated they expected to receive some financial support from parents or other family members during the school year at the baseline survey, the monthly income data show that, in fact, a higher proportion received some form of family financial support between September and April — 80 per cent when considering all family members and 69 per cent considering parents alone.<sup>2</sup> The sub-group patterns for this measure are similar to those described above for the baseline measure (i.e., likelihood of support decreases with age, is more likely among those receiving other forms of gifts such as cars and computers and is less likely among those receiving government assistance and working more). The students who received income from family over the course of the year but who did not expect to at the baseline typically reported smaller sums of support from parents (with spikes in December and the last few months of the school year). This group also includes

students who received income from spouses and other family members during the year, rather than from parents.

On a monthly basis, students received average amounts from parents each month varying between \$127 and \$339, with the monthly average across the school year being \$187. There are two spikes in assistance: at the start of the school year in September and in December, likely related to holiday gifts. Considering students' income from all sources during the school year, parental assistance represents about 11 per cent of students' income.

Considering support from all family members (including parents), the monthly average increases to between \$175 and \$550, with an overall average of \$272. At the baseline survey, six per cent of students indicated having money in hand from their spouse for their post-secondary education (\$63 on average) (higher among older students, those living with a spouse, and those with dependents). Eight per cent of students had money in hand from other family members (\$81 on average).

The following table presents the incidence of family support in the student population and the mean monthly amounts of assistance (among only those receiving

2. Based on monthly data of those participating in at least four waves of the survey.



support), first from parents alone and then from family members (including parents). The incidence of parental and family support is highest among the youngest students, however, older students (i.e., 26 years of age and older) receive the greatest amounts of assistance from their parents (among the smaller percentage of students in this age group who are receiving support). In fact, older students are also far more likely to receive assistance from other family members (with the proportion of students in this age group increasing from 38 per cent who are supported by parents to 62 per cent who are supported by any family member).

When considering 22–23 year-olds, the percentage increase between the support from parents alone and the support from all family members does not increase by very much (74 to 84 per cent); however, the average contribution increases considerably, from \$218 per month to \$336.

While students living with their parents are more likely than those with other living arrangements to receive financial support from family, they receive the least amount of money (although they are obviously being supported in other ways which have

large implications on their financial needs). Students living with a spouse are least likely to receive money from their parents, however, the gap is closed once all family members (including spouses) are considered. In fact, considering income coming from all family members, students living with spouses receive by far the largest sums of money per month.

University and college students are equally likely to receive support from parents and all family members, however, the amount of parental support is higher for those in university. On the other hand, college students receive larger sums from other family members, since the monthly gap is closed between the two groups, once all sources of family support are considered. Full-time students are almost twice as likely to be supported by parents compared with their part-time counterparts, however, the percentage gap closes somewhat once all family members are taken into account. On the other hand, the average monthly amounts of income (from both parents alone and all family combined) do not vary much between the two student groups.

**TABLE 9.1 — INCIDENCE OF SUPPORT AND MEAN MONTHLY AMOUNTS FROM PARENTS AND ALL FAMILY MEMBERS COMBINED ACCORDING TO STUDENT CHARACTERISTICS**

<b>STUDENT CHARACTERISTIC</b>	<b>PERCENTAGE SUPPORTED BY PARENTS (n=1256)</b>	<b>MONTHLY MEAN (\$) OF PARENTAL SUPPORT (FOR STUDENTS RECEIVING SUPPORT)<sup>3</sup> (n=853)</b>	<b>PERCENTAGE SUPPORTED BY ANY FAMILY MEMBER (n=1257)</b>	<b>MONTHLY MEAN (\$) OF FAMILY SUPPORT (FOR STUDENTS RECEIVING SUPPORT) (n=1015)</b>
<b>Overall</b>	69	187	80	272
<b>Age Group</b>				
18–19	88	146	94	202
20–21	83	148	90	175
22–23	74	218	84	336
24–25	66	186	76	224
26+	38	240	62	399
<b>Living Arrangements</b>				
Living with parents	77	127	86	196
Living with spouse	38	265	70	550
Living alone	56	339	69	369
Living with roommate	72	276	78	298
<b>Institution</b>				
University	69	214	81	275
College	69	132	80	275
<b>Status</b>				
Full-time	71	187	82	269
Part-time	46	185	66	303

The relationships described earlier with respect to government assistance and extent of employment are also present for the data on mean monthly amounts of assistance from family, and hold when considering only those students receiving support.

Again, the proportion of students being supported and the amount of assistance from family varies with students' receipt of other gifts such as cars or computers (higher for those who have received gifts). The differences are not statistically significant considering only those students who received support from family.

The student typology provides for some interesting patterns with respect to family support as well. The Studying Mature are the least likely to be supported by parents, but the gap closes when all family members

(including spouses) are considered. Similarly, the amount of support from parents for this group is small, however, the amount from other family (mostly from spouses) makes them the most supported group in the student population. Similarly, the Working Mature are less likely to be supported by parents (and are supported by very small amounts of money), however, the gap on the incidence of support closes when all family members are taken into account. Nonetheless, the total support from all family members is still the lowest of any student group (perhaps not surprising since this group is likely to be working almost full-time). The At Home Working may be in the best position with respect to support from family. Although they are somewhat less likely than the other two groups of young students to be supported by their parents, the

3. Mean of only those students receiving support (not including zeros).

**TABLE 9.2 – INCIDENCE OF SUPPORT AND MEAN MONTHLY AMOUNTS FROM PARENTS AND ALL FAMILY MEMBERS COMBINED ACCORDING TO STUDENT CHARACTERISTICS**

<b>STUDENT CHARACTERISTIC</b>	<b>PERCENTAGE SUPPORTED BY PARENTS (n=1256)</b>	<b>MONTHLY MEAN (\$) OF PARENTAL SUPPORT (FOR STUDENTS RECEIVING SUPPORT) (n=853)</b>	<b>PERCENTAGE SUPPORTED BY ANY FAMILY MEMBER (n=1257)</b>	<b>MONTHLY MEAN (\$) OF FAMILY SUPPORT (FOR STUDENTS RECEIVING SUPPORT) (n=1015)</b>
<b>Overall</b>	69	187	80	272
<b>Government loan or bursary</b>				
Yes	63	147	76	224*
No	72	208	83	298*
<b>Employed during school year</b>				
Yes	69	171	80	254
No	68	220	83	309
<b>Average weekly hours worked during the first semester</b>				
1–19	76	213	82	288
20+	66	149	78	245
<b>Car Acquisition</b>				
Gift	81	283	90	298
Purchase	59	201	77	370
<b>Computer Acquisition</b>				
Gift	82	256	94	380
Purchase	61	196	75	300
<b>Student Typology</b>				
At Home Working	67	109	81	297
Working Mature	39	58	63	155
Studying Mature	29	130	61	534
Traditional Non-working	78	161	89	257
Traditional Working	80	100	89	183

\*Includes students participating in at least four waves

incidence gap closes when all family is considered and the average amount of monthly support from all family members is even higher than the other two groups of young students. Considering that 70 per cent of this group live at home, they would appear to be well supported by their families.

In the baseline survey, students receiving financial support toward their education from their parents or other family members were asked what percentage they expected to have to pay back. Just under half of students (47 per cent) did not expect to pay back any. On the other hand, 14 per cent expected to pay back all of the assistance received from their parents or family members. One in three

(29 per cent) reported an expectation to have to pay back some of the money but not all of it. (Ten per cent did not know at this time.) The average percentage that students expected to pay back, including students who thought that they would have to pay some back and those who did not believe that they would have to pay some back, was 30 (or 64 per cent among only the 43 per cent of students paying some back).<sup>4</sup>

Chapter Seven examines the overall pattern of income from all sources, across the entire year. The theme of financial support from parents is continued there, including the total value of support for the year, for all students and by key sub-groups.

4. Note that these results are based only on those students who reported that they would receive support from their parents at the baseline (although more students ended up receiving support during the school year) and was also based on students' expectations at that time.

## 5.2 IMPACT ON SCHOOL PERFORMANCE

This section examines the potential impact of both the presence and extent of parental support on school performance as measured by grades. The former is measured using students' responses at the baseline to the question of whether they would be receiving assistance from parents or other family members during the school year. Extent of support is measured by mean monthly amounts received from parents during the first term, for which students had provided answers on average marks and income.

The results, presented below, reveal that grade level is not affected by the presence of family support or the mean amount of support received from parents. These results hold for both the younger and older age groups.

*Grade level is not affected by the presence of family support or the mean amount of support received from parents.*

**TABLE 10 — RECEIPT OF AND MEAN MONTHLY AMOUNTS OF FAMILY ASSISTANCE, AND FIRST TERM GRADE, SEPTEMBER 2001 TO DECEMBER 2001**

	OVERALL	A AVERAGE	B AVERAGE	C OR LOWER AVERAGE
<b>Overall (All Ages) (n=1159)</b>				
Receiving financial support from family (%)	75	74	75	81
Mean monthly amounts received from family support (i.e., parents, spouses and other family members), not as a loan (\$)	241	241	243	234

\*Includes students participating in at least four waves

### 5.3 IMPACT ON STUDENT FINANCES

The same indicators that were used to assess the impact of employment on student finances (total student debt during the school year and by source) are also used to examine the impact of family support, this time considering parental support only. As the following table indicates, receipt of parental assistance does, in fact, reduce

the total amount of loans that students incur during the school year. The difference in amount of total loans between those who receive parental assistance and those who do not is

primarily the result of a greater reliance on government loans by those not receiving support, as well as greater use of credit card debt.

Looking at the results by age group, the same pattern as the overall results is evident, though the difference in total loans between those receiving and not receiving parental support loses statistical significance. The exception is the lower reliance on credit cards among younger students who are receiving assistance (\$251 or more) and the lower reliance among their older age counterparts (receiving \$251 or more from parents) on government assistance.

*Parental assistance reduces the total amount of loans that students incur during the school year.*

**TABLE 11 — MEAN AMOUNT OF LOANS FROM VARIOUS SOURCES BY AGE GROUP AND BY ACCESS TO PARENTAL SUPPORT**

AGE GROUP	MEAN TOTAL LOANS	MEAN GOVERNMENT LOANS	MEAN PRIVATE LOANS**	CREDIT CARD BALANCE IN MAY
<b>All Age Groups (n=1252)</b>				
<b>Mean monthly family assistance</b>				
Zero	3,207	1,756	782	1,096
\$1–\$250	2,524	1,287	841	498
\$251 or more	2,371	962	932	700
<b>Younger Students (&lt; 22 years) (n=412)</b>				
<b>Mean monthly family assistance</b>				
Zero	1,820	1,316	465	77
\$1–\$250	1,259	587	456	250
\$251 or more	714	493	380	233
<b>Older Students (22+ years) (n=791)</b>				
<b>Mean monthly family assistance</b>				
Zero	3,430	1,795	842	1,312
\$1–\$250	3,377	1,814	1,095	679
\$251 or more	2,931	1,095	1,199	872

Includes those participating in at least four waves; presents accumulated monthly means.

\*\* Includes private loans/lines of credit and loans from family members.

# CHAPTER 6 — OTHER RESOURCES FROM BORROWING AND NON- LOAN GOVERNMENT ASSISTANCE

Students can finance their post-secondary education in a number of ways. While income from employment and support from parents and other family members have been dealt with more thoroughly in previous chapters, this chapter focuses on other forms of financing, namely debt (including government and private loans) and government non-repayable forms of assistance (i.e., grants and bursaries).

The analysis proceeds in three sections. The first section considers the state of student debt in September before the term begins. The second considers the sources and levels of debt that were accrued during the term to produce a total picture of debt at the end of the school year, including income from non-loan assistance. The final section considers the implications of debt and government non-loan assistance on school performance.

## 6.1 PRE-EXISTING FINANCIAL COMMITMENTS

To understand pre-existing student debt, the baseline survey asked a number of questions about access to debt through government loans and private sources such as bank loans,

personal lines of credit and credit cards. In addition, students were asked to provide the current balance they owed on these sources. The baseline survey also asked whether students were responsible for a mortgage.

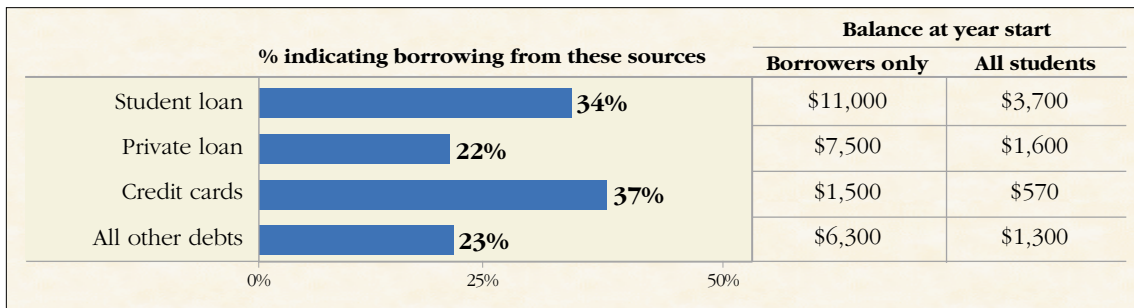
### Primary Sources of Accumulated Debt

Many students enter the school year with accumulated debt. One in three have student loan debt from government. While 23 per cent of students have a line of credit, one in five have private loan, or line of credit, debt. In the latter case, students carry debt at private sector interest rates. The balance on government student loans and private loans carried by students is also significant. The average accumulated government student loan debt is just over \$11,000 and the accumulated private loan debt is somewhat lower, at \$7,500.

Furthermore, almost forty per cent of students begin the school year with a balance on their credit cards, though the average debt

*The average accumulated government student loan debt is just over \$11,000 and the accumulated private loan debt is somewhat lower, at \$7,500.*

**FIGURE 42 — BASELINE DEBT LEVELS FROM VARIOUS SOURCES**



level is much more modest. On average, students with credit card debt enter the school year with a balance of \$1,500. Since credit cards are unique in being a way to accumulate debt and to defer payment for a short-time, they are discussed more fully in a later section of this chapter.

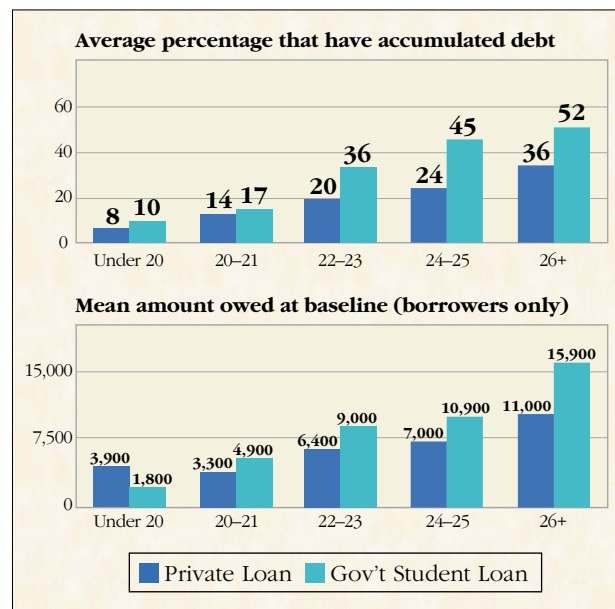
Just over one in five students also have other debts — for these students the balance is significant (an average is \$6,300). The students with these “other” debts are older and typically fit into one of two typology groups — the Working Mature or the Studying Mature. They tend to be either married or living alone, with no parental support, and are working more. The high average balance of these debts is likely a function of large purchases (e.g., cars) made in the past. Consider that the average balance for those over 26 who have other debt is \$13,800, compared with \$2,700 for those 24 or 25 years of age and \$4,000 for those 22 or 23 years of age.

The extent of pre-existing debt is related to a number of other factors associated with the life circumstances and financial resources of the student; the most important being age. The next exhibit shows the debt balance for the two main types of loans (government student loans and private loans) by age. The proportion of students who have accumulated debt of these types increases dramatically with age. For example, students who are 26 and older are four times more likely to have a private loan debt and five times more likely to have a government student loan than those under 20. The value of the debt also rises with age such that students 26 and older with a government student loan owe, on average, more than \$15,000.

Since there are a few key student characteristics that are common to all sources of borrowing, it is perhaps not surprising to find that there is a higher incidence of borrowing private loans among students with government loans (27 per cent vs. only 19 per cent among students without a government loan). Also, the average amount of debt from private

loans is higher per borrower among students who have student loans (\$9,200 vs. \$6,300 among those without student loans). The same pattern holds for incidences of borrowing from other sources and carrying a balance on credit cards. Also, the amounts owed are larger among the group with student loans.

**FIGURE 43 — BASELINE DEBT LEVELS BY AGE — PRIVATE AND GOVERNMENT LOANS**



The following table further shows the percentage of the student population with each type of loan and their average value by selected student characteristics. Several interesting findings emerge. Age patterns behave in an expected fashion, with both the incidence and amount of loan rising with the age of the student. This pattern is most notable in the government student loans and least so in the “other loans” category, although even in that group there is still a substantial increase (in both incidence of borrowing and average amount owing).

As expected, given eligibility rules for student loans, part-time students are less likely than full-time students to report government student loan debt (26 compared with 36 per cent). Perhaps as a consequence of not being eligible for student loan support, they are

more likely to report private loans/line of credit debt (36 per cent compared with 20 per cent among full-time students) and other debt. The average amount of debt, excluding other debts, that students start the term with is fairly similar.

Students with dependents are more likely to have pre-existing debt, and the average value of the amount owed is considerably larger on average than that of students without dependents.

Students who live with their parents are only half as likely to owe money on a loan from any source compared to other students, and those who do borrow also tend to carry a

much smaller balance from each. Presumably this is because parental support in this form or via direct financial support mitigates the debt needs for these students. While students who expect to receive higher amounts of parental support (average of more than \$250/month) are less likely to have a balance on loans of any type, the amount of government loans for those who borrow is somewhat similar to the levels of those with no parental support. Living with parents appears to be a more important factor than financial support in mitigating the accumulation of debt.

**TABLE 12.1 — PRIVATE AND GOVERNMENT STUDENT LOAN DEBT AT BASELINE BY KEY INDICATORS**

	GOVERNMENT STUDENT LOANS		PRIVATE LOANS		OTHER DEBTS	
	PERCENTAGE WITH BALANCE	AVG. BALANCE AMONG BORROWERS (\$)	PERCENTAGE WITH BALANCE	AVG. BALANCE AMONG BORROWERS (\$)	PERCENTAGE WITH BALANCE	AVG. BALANCE AMONG BORROWERS (\$)
<b>All students</b>	34	11,000	22	7,500	23	6,300
<b>Age</b>						
18–19	10	1,800	8	— <sup>1</sup>	10	—
20–21	17	4,900	14	3,300	18	2,100
22–23	36	9,000	20	6,400	23	4,000
24–25	45	10,900	24	7,000	24	2,700
26 and above	52	15,900	36	11,100	32	
<b>Status in Program</b>						
Part-time	26	10,000	36	7,300	29	12,700
Full-time	36	11,200	20	8,600	22	5,200
<b>Dependents?</b>						
Yes	53	15,100	41	12,400	43	15,000
No	33	10,300	19	6,400	20	4,200
<b>Living Arrangements</b>						
With parents	22	6,900	17	4,900	19	2,800
With spouse	46	12,900	36	13,200	31	13,200
With roommate	48	11,400	20	7,400	22	3,500
Alone	48	16,300	25	7,200	29	9,900
<b>Parental Support</b>						
Zero	44	11,700	27	9,000	25	9,500
Up to \$250/month	31	10,600	18	6,300	22	4,400
More than \$250/month	21	9,400	19	5,800	20	2,100

1. There are too few cases to provide a reliable estimate.



**TABLE 12.2 – PRIVATE AND GOVERNMENT STUDENT LOAN DEBT AT BASELINE BY KEY INDICATORS**

	GOVERNMENT STUDENT LOANS		PRIVATE LOANS		OTHER DEBTS	
	PERCENTAGE WITH BALANCE	AVG. BALANCE AMONG BORROWERS (\$)	PERCENTAGE WITH BALANCE	AVG. BALANCE AMONG BORROWERS (\$)	PERCENTAGE WITH BALANCE	AVG. BALANCE AMONG BORROWERS (\$)
<b>All students</b>	34	11,000	22	7,900	23	6,300
<b>Typology</b>						
At Home Working	28	9,200	20	5,800	22	3,700
Working Mature	38	9,400	35	6,400	34	11,300
Studying Mature	51	16,900	34	15,300	36	14,800
Traditional Non-working	35	10,300	16	6,300	19	2,600
Traditional Working	32	11,500	15	8,400	17	1,900

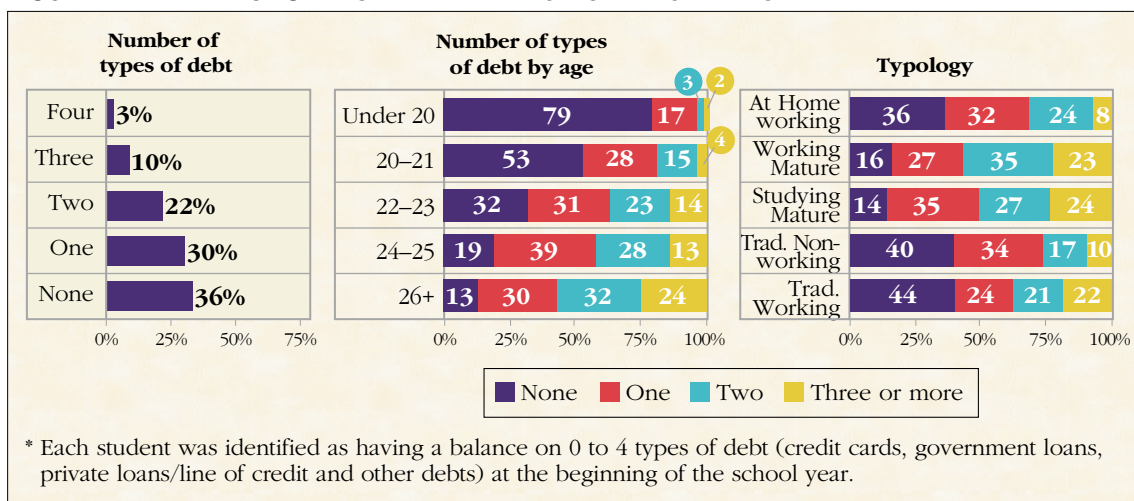
With respect to the typology, the Studying Mature are the most likely students to have pre-existing debt, particularly government loans, and they borrow significantly more than anyone else from each source. In fact, it is interesting to note that this group borrows similar amounts from government, private and other sources of debt.

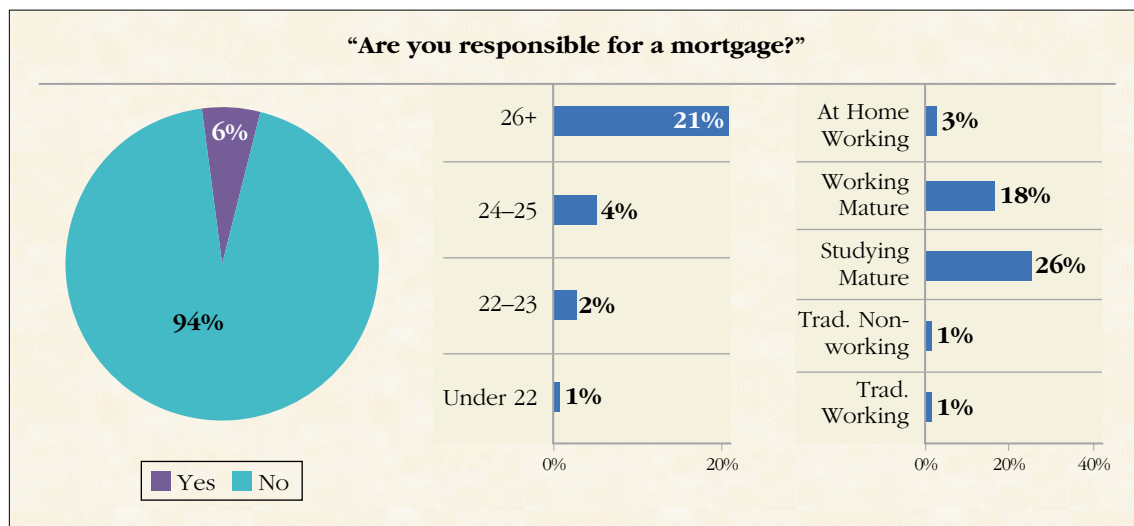
### Multiple Sources of Accumulated Debt

This section examines students' pre-existing debt by the number of sources of debt. The next exhibit shows the proportion of students who have accumulated debt at the beginning of the school year, from zero to four different sources (based on credit card, government loan, private loan and other debt).

Just over one in three students (36 per cent) enter the school year with no outstanding balances. Three in ten students carry pre-existing debt from one source only and one in five carry debt from two sources. Only three per cent have a balance on all four possible debt sources.

Consistent with previous findings, age is strongly associated with having a balance on more than one type of debt. For example, 79 per cent of those under 20 have no debt compared to only 13 per cent of those over 26. The typology of students mirrors this finding, with the two older group — the Working Mature and the Studying Mature — registering the largest number of sources of debt. The other three, younger student groups, report proportionately fewer sources of debt.

**FIGURE 44 – BALANCE ON MULTIPLE DEBT INSTRUMENTS AT BASELINE**

**FIGURE 45 — RESPONSIBILITY FOR MORTGAGE**

Chapter Seven examines the overall pattern of income and debt from all sources across the entire year. The theme of amounts of accrued debt is continued there, including the total value of debt at the beginning of the school year and throughout the year, for all students, and by key sub-groups.

## Mortgages

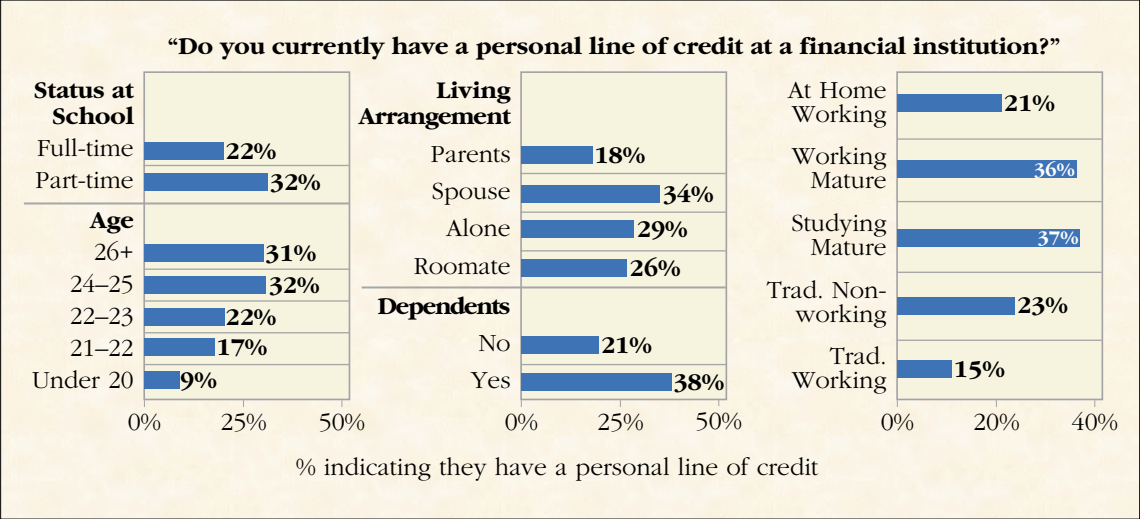
Few students (six per cent) have a mortgage, but it is a readily identifiable segment, with age as the defining characteristic (next exhibit). One in five students 26 years or older have a mortgage. Among younger students, a mortgage is a rare responsibility. Related to the age dimension, people who have spouses and/or dependents are also more likely to be responsible for a mortgage. Similarly, those with a line of credit, who also tend to be older, are more likely to have a mortgage (12 per cent), as are people who work 20 or more hours per week (seven per cent) and go to school part-time rather than full-time (18 compared with four per cent). As might be expected, it is the two older groups of students in the typology that are most likely to have mortgages, while virtually none of the three younger groups do.

## Personal line of credit

As mentioned earlier, almost one in four students (23 per cent) have a line of credit at a financial institution.

The next exhibit shows the extent to which different groups have a line of credit. Those in part-time studies (32 per cent) and those who are older (31 per cent of those 26 and older) are more likely to have a line of credit. Although older students are more likely to study part-time, the relationship between part-time status and having a line of credit is stronger among older students. Part-time status does not matter for younger students (21 and under), but for part-time students over 24, 41 per cent have a line of credit compared with 28 per cent of full-time students. The impact of having dependents and different living arrangement scenarios are also not mitigated by the impact of age. It is also true that those who work longer hours are more likely to have a line of credit and, therefore, access to debt. Since personal lines of credit go hand in hand with increasing age, it is not surprising that the two older groups in the typology are more likely to have them. Members of the Traditional Working group are least likely to have a line of credit.

FIGURE 46 – PRESENCE OF PERSONAL LINE OF CREDIT



## 6.2 BORROWING AND NON-LOAN GOVERNMENT ASSISTANCE DURING THE SCHOOL YEAR

In addition to employment earnings and family support discussed earlier, there are four principal ways for students to finance their post-secondary education during the term: government student loans, government non-loan assistance (i.e., grants and bursaries), private borrowing sources (private student loans, lines of credit, or credit cards) and personal borrowing (e.g. loans from parents). Some of these accrue debt and some do not.

### Government Loans During the Term

Government loans are the most likely source of borrowing, with 32 per cent of students reporting some level of support from this source during the school year. The average monthly amount borrowed is \$166 for all students, or \$586 for borrowers only.

It is not surprising, given student loan eligibility rules, that borrowing during the term is related to age. Only 21 per cent of those under 20 years of age reported using a government loan during the term compared with 38 per cent of those over 25.

The patterns of borrowing based on the student typology are somewhat surprising, given the age patterns discussed earlier. It is not surprising to see that the incidence of borrowing is lowest for the At Home Working and the Traditional Working, both young groups of students, at 24 and 27 per cent. On the other hand, the second highest incidence of borrowers can be found in the Traditional Non-working group, where 32 per cent are borrowers, since this is also a young group of students. The Studying Mature are the most likely to borrow from government, at 46 per cent. The lowest incidence of borrowing can be found among the Working Mature, who are the second oldest group of students, however, most of them work full- or nearly full-time, so the low rate of borrowing is not surprising.

Not only are older students more likely to borrow, they also tend to borrow more in terms of average monthly amounts. Among the over 25 age group, the average monthly government loan is \$811; more than double the average loan amount borrowed by students under 20.

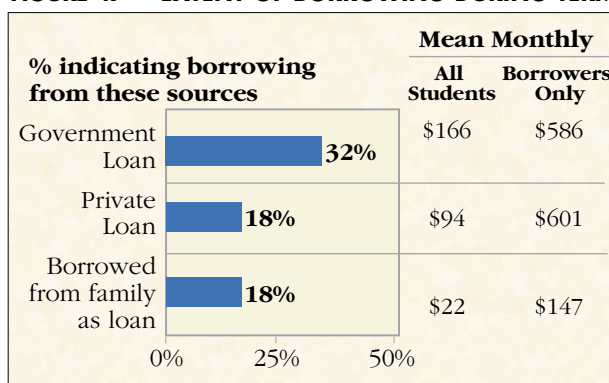
As one might expect, the Studying Mature borrowers draw the highest amount of government loan support, with a monthly mean of \$787. The three younger age groups borrow similar monthly amounts, ranging from \$572 to \$593. Working Mature borrowers, however, draw only \$373, on average, per month.

*There are four principal ways for students to finance their post-secondary education during the term.*

### Private Loans During the Term

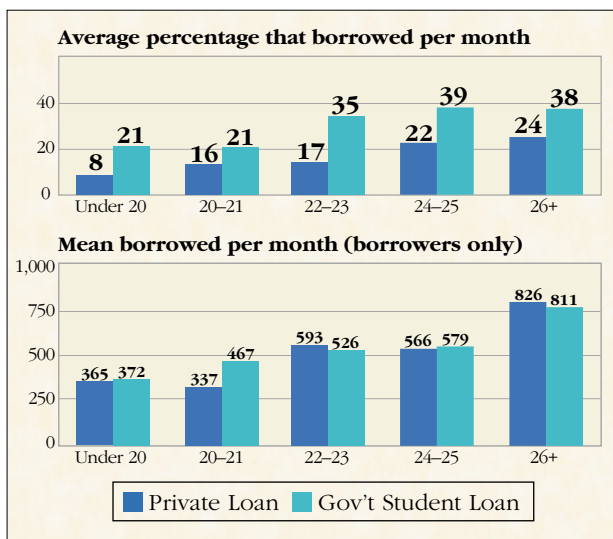
The next exhibit shows both the incidence and the average monthly debt levels for private and personal loans averaged across the study period (government loans are also indicated for comparison). Eighteen per cent of students borrowed from private sources (including funds from a personal line of credit); another 18 per cent borrowed from family sources for the school year. The average monthly amount borrowed over the year from government and private sources (though not from personal ones) is almost the same for all student borrowers — \$586 in government loans and \$601 in private loans.

**FIGURE 47 — EXTENT OF BORROWING DURING TERM**



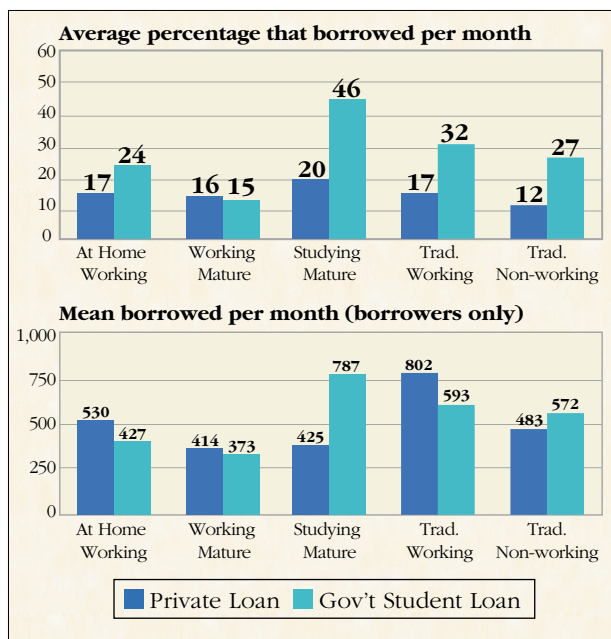
A similar pattern of sub-group differences emerges when considering incidence and amount of borrowing using a private student loan or line of credit, as for government loans. Like government loans, the proportion of students accessing private loans/line of credit increases with age. However, whereas borrowing from government loan sources increases quite dramatically for the 22 to 23 year age group (due to the loan eligibility criteria), the increase in use of private loans occurs more evenly across the age groups (with a slightly larger increment between the under 20 and 20 to 21 year age group). Amounts borrowed from private loan sources also increases with age (like government loans). In fact, the average monthly amounts borrowed for each age group are remarkably similar between government and private loans.

**FIGURE 48 – BORROWING DURING TERM BY AGE**



The pattern of borrowing for the typology groups is somewhat different. As one might expect, the Studying Mature, as the oldest group of students, are the most likely to be drawing on government loans, and to draw higher average amounts than any other student group. On the other hand, they are not significantly more likely to have drawn loans from the private sector, and the average monthly amount that they borrow is significantly less than some other groups. The Traditional Working are the next most likely group to be tapping government loans, but are no more likely than any other group to be accessing private loans. The amounts they borrow from government are only slightly higher than other groups report, however, they borrow large monthly amounts from the private sector. In fact, this group borrows a third more from the banks than they do from government, as measured by monthly average amounts. The At Home Working are the only other student group who borrow a considerably higher amount from private sources than from government. The pattern of borrowing and amounts borrowed is generally a flatter picture, with respect to private loans, across the five student groups.

**FIGURE 49 – BORROWING DURING TERM BY TYPOLOGY**



There are other important variations in the take-up and level of debt by student status. University students are slightly more likely to make use of private loans (19 per cent compared with 16 per cent of college students) and, if they use this source, tend to borrow more on average (\$673 versus \$428 per month for college students on average). Part-time students are considerably less likely to have a government loan during the term (largely because of eligibility), but are equally likely to have a private loan. If part-time students have a private loan, they tend to borrow less on average per month.

The accumulation of debt during the term from government and private loan sources is also related to one's family situation. Those with dependents are more likely to have a

government loan during the term that is valued at almost twice the size of that for students without dependents. Similarly, those without financial support from their parents (or who do not live at home) are more likely to receive a government loan and to borrow larger amounts. Neither group, however, is more likely to lean on private loans during the term.

Two other findings are worth noting. First, Quebec students borrow as frequently as those in other parts of the country, but they borrow smaller amounts (average borrowing is \$493 per month), perhaps reflecting the lower costs for students attending Quebec post-secondary institutions. Second, those receiving financial support from the government are not less likely to make use of private sources of financing during the school year.

**TABLE 13 — MONTHLY GOVERNMENT AND PRIVATE LOAN DEBT DURING TERM  
BY SELECTED STUDENT CHARACTERISTICS**

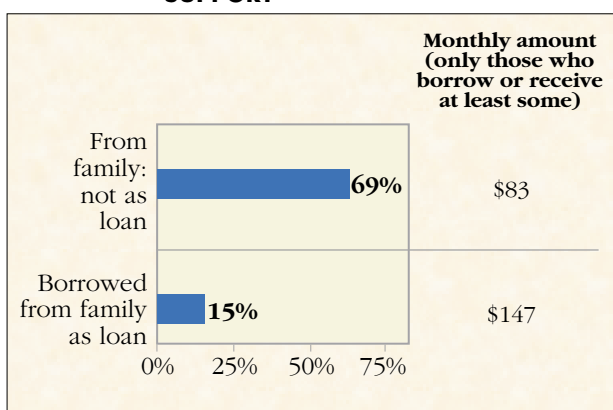
	GOVERNMENT LOANS		PRIVATE LOANS/LINE OF CREDIT	
	PERCENTAGE BORROWING DURING TERM	AVG. MONTHLY LOAN AMOUNT (BORROWERS ONLY) (\$)	PERCENTAGE BORROWING DURING TERM	AVG. MONTHLY LOAN AMOUNT (BORROWERS ONLY) (\$)
<b>All students</b>	32%	586	18%	601
<b>Type of institution</b>				
University	32	379	19	673
College	33	370	16	428
<b>Status in Program</b>				
Part-time	8	158	22	432
Full-time	35	375	18	623
<b>Dependents?</b>				
Yes	45	615	20	633
No	31	311	18	291
<b>Parental Support</b>				
Zero	38	647	21	554
Up to \$250/month	31	562	17	646
More than \$250/month	23	478	18	562
<b>Total Government Assistance</b>				
None	—	—	18	543
Less than \$5,000	—	—	20	597
More than \$5,000	—	—	19	960
<b>Region</b>				
Atlantic	38	721	21	476
Quebec	32	394	14	493
Ontario	29	691	14	704
Prairies	27	573	26	447
Alberta	36	600	16	848
BC	36	622	15	583



## Loans from Family

Loans from family members tend to be infrequent and relatively small. Among the 15 per cent of students who access loans from family, the average loan is \$147 per month. While 84 per cent of all family loans are less than \$250 per month on average, only 48 per cent of private loans and 22 per cent of government loans were of this magnitude. This is not to suggest that families are not supporting students; as indicated in the previous chapter, 69 per cent of students received financial support from their parents (not as a loan), and roughly half of the student population live at home.

**FIGURE 50 — INCIDENCE AND AMOUNT OF FAMILY SUPPORT**



For the most part, family loans are not linked to student characteristics in a significant manner. Those who receive family loans, however, receive more financial assistance from family, on average, than those who receive money that does not need to be paid back. Those who receive loans are more likely to receive financial support not as a loan and are slightly younger and in full-time studies.

Based on the typology, the Studying Mature are most likely to be drawing loans from family, with 39 per cent reporting some type of income from this source. The average amount borrowed is also higher for this group than any other at an average of \$474 per month. The Working Mature are the least likely to borrow from family (at eight per cent), and they draw the lowest monthly average support from this source, at \$184 per month.

## Non-Loan Forms of Government Assistance

The previous sections discussed students' use of borrowing to finance their post-secondary education. The following is an examination of students' access to government grants, bursaries or scholarships.<sup>2</sup> About one in five students (21 per cent) received income from government in the form of a grant, bursary or scholarship (further references refer simply to government grant) at the beginning of the school year or during the course of the school year. The mean monthly amount students received from a government grant was \$67 (considering all students). Looking only at those students who received a grant, the mean monthly amount was \$369.

It is important to note differences by age and other student characteristics. The following table presents sub-group differences in terms of the likelihood of receiving a grant and mean monthly amounts considering two populations — all students and only those students who received a grant. The effect of age is not a linear one, with the youngest and the older student age groups being most likely to have received some form of non-loan assis-

2. Does not include grants and bursaries from educational institutions or other non-government sources. Although not specifically defined, presumably grants from national granting councils (e.g., NRC, SSHRC, NSERC) are included.

**TABLE 14.1 — INCIDENCE OF GOVERNMENT NON-LOAN STUDENT ASSISTANCE  
BY STUDENT CHARACTERISTICS**

<b>CHARACTERISTIC</b>	<b>PERCENTAGE RECEIVING SUPPORT (n=1256)</b>	<b>AMOUNT OF ASSISTANCE PER MONTH (ALL STUDENTS) (\$ (n=1256)</b>	<b>AMOUNT OF ASSISTANCE PER MONTH (THOSE RECEIVING SUPPORT) (\$ (n=220)</b>
<b>Age (years)</b>			
18–19	23	45	264
20–21	15	33	285
22–23	18	43	279
24–25	24	80	385
26 +	29	132	494
<b>Region</b>			
Atlantic	18	39	306
Quebec	22	87	455
Ontario	18	43	278
Prairies	10	25	298
Alberta	31	75	293
BC	27	109	453
<b>Student Status</b>			
Full-time	23	74	375
Part-time	5	7	158
<b>Employment Status (during first term)</b>			
Worked during first term	18	43	284
Did not work during first term	29	124	489
<b>Number of Weekly Hours Worked (during first term)</b>			
1–19	22	59	338
20+	16	38	269

tance from government. The mean amounts received, however, indicate that older recipients tend to receive more. By region, students from the Prairies have a far lower likelihood of receiving non-loan forms of government assistance. The proportion receiving non-repayable forms of assistance is highest in Alberta and BC. While the data on monthly

amounts received by students across regions is not significant (at least partially the result of few cases), both results for the overall student population and for grant recipients only seem to suggest some variation in amounts received across regions (higher in Quebec and BC and lower in Ontario and the Prairies).



**TABLE 14.2 – INCIDENCE OF GOVERNMENT NON-LOAN STUDENT ASSISTANCE BY STUDENT CHARACTERISTICS**

<b>CHARACTERISTIC</b>	<b>PERCENTAGE RECEIVING SUPPORT (n=1256)</b>	<b>AMOUNT OF ASSISTANCE PER MONTH (ALL STUDENTS) (\$ (n=1256)</b>	<b>AMOUNT OF ASSISTANCE PER MONTH (THOSE RECEIVING SUPPORT) (\$ (n=220)</b>
<b>Parental Assistance</b>			
Yes	18	43	295
No	28	119	461
<b>Dependents</b>			
Yes	41	241	615
No	19	49	311
<b>Living Arrangements</b>			
Living with parents	13	20	194
Living with spouse	37	143	444
Living alone	32	160	520
Living with roommate	28	90	387
<b>Government Loans</b>			
Zero	12	26	300
<\$5,000	41	153	401
\$5,001+	52	198	414
<b>Typology</b>			
At Home Working	12	24	197
Working Mature	8	15	184
Studying Mature	39	185	474
Traditional Non-working	24	92	394
Traditional Working	14	49	352

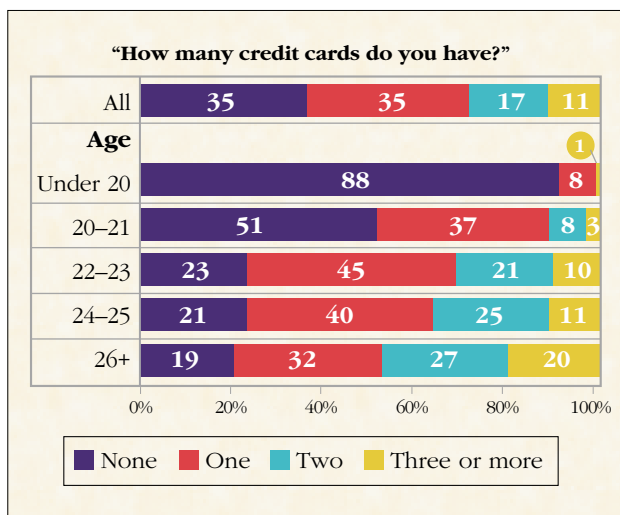
Students who work and students who receive parental support are less likely to be in receipt of government non-loan assistance, and also tend to receive lower amounts when they do receive a grant. There are also differences in the receipt of government assistance that are, in part, driven by age (e.g., higher for those with dependents, lower for those living with parents), though even when controlling for age, these essential relationships remain.

Government assistance in the form of grants goes hand-in-hand with repayable forms of assistance. Students who receive a student loan are also more likely to have a grant. The amount of the grant is higher for those who have a government loan, though this relationship is not statistically significant.

### **Credit cards**

Students were asked to report both the number of credit cards and the amount of credit card debt they had at the start of the school year and then the amount they owed at the end of the school year.

Two of three students reported having at least one credit card (65 per cent) and more than one in four (28 per cent) reported two or more. The most important determinant of credit card ownership is age: less than 20 per cent of those under 20 have at least one card; compared with 75 per cent or more of those 22 and older. After age 22, the likelihood of having a single card does not increase, but the number of cards does increase with age.

**FIGURE 51 — NUMBER OF CREDIT CARDS BY AGE**

Many of the other factors associated with having credit cards are also related to age. Credit cards are more prevalent among students who are more active in the labour force (i.e. they are employed and work more

hours) and who have family obligations, reflecting the higher incomes and higher expenditures of these students. For example, those who are employed, particularly those working many hours, are more likely to have credit cards (72 per cent of those who work more than 20 hours per week). The same can be said for those with higher levels of assets.

Students living with their parents are the least likely to have a credit card (57 per cent have one) and those living with a spouse are the most likely to have one (84 per cent). Similarly, those receiving financial support from their parents are less likely to have credit cards (59 per cent of those receiving support have a card compared with 75 per cent of those not receiving support). Interestingly, students who live alone tend to either have no credit cards or to have multiple ones. Within this group, older students and those who are working more tend to be the ones with multiple cards.

**TABLE 15 — NUMBER OF CREDIT CARDS BY SELECTED STUDENT CHARACTERISTICS**

CHARACTERISTIC	NONE	ONE	TWO OR MORE
<b>Post-secondary institution</b>			
College	47	30	20
University	28	39	36
<b>Employed</b>			
Yes	32	36	30
No	42	33	23
<b>Hours employed</b>			
None	44	31	23
Less than 20	34	37	27
More than 20	28	38	33
<b>Value of assets</b>			
Less than \$1,000	38	34	25
\$1,000–\$5,000	35	35	29
More than \$5,000	16	43	39
<b>Living arrangements</b>			
Parents	43	33	21
Spouse	16	38	45
Alone	35	29	43
Roommate	29	43	26
<b>Typology</b>			
At Home Working	32	37	31
Working Mature	14	32	53
Studying Mature	22	25	51
Traditional Non-working	41	37	22
Traditional Working	33	41	25

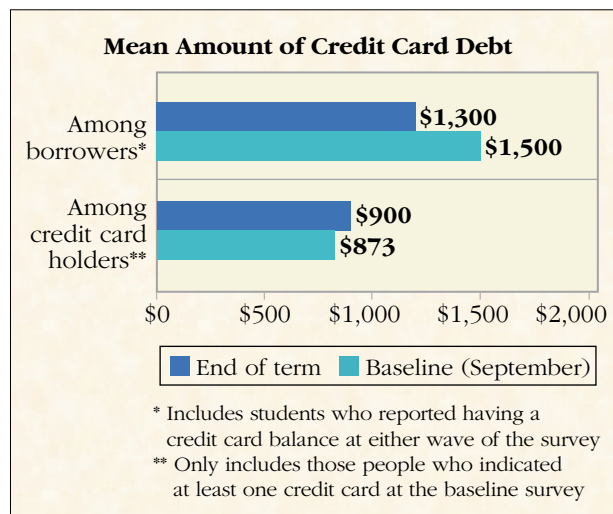
Given the patterns related to age and living arrangements, it is not surprising to find that 85 and 76 per cent of the Working Mature and the Studying Mature respectively have at least one card (and over half of each group own two or more cards). The Traditional Non-working are least likely to have cards, however 59 per cent do own at least one.

Having credit cards is also related to student status. Those in university full-time and those in later years of their degree programs are more likely to report having credit cards.

The first step in understanding how student debt is related to credit card use is to consider the level of credit card debt that students reported at the beginning of the school year. Thirty-seven per cent of students reported some credit card debt but the debt level was relatively modest — the mean balance was \$873 for credit card holders (including those who have a credit card but reported no balance) and \$1,600 when one considers only those who have a balance on their credit card.

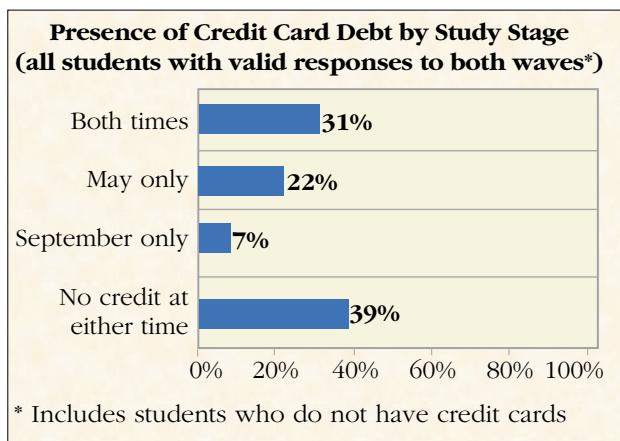
Credit cards are unlikely to be a long-term source of debt for most students given that one in four have access to a line of credit with a more reasonable interest rate. That said, we might expect that more students would have accumulated a balance at the end of the term than at the beginning of the term. The results in the next exhibit are somewhat counterintuitive in showing that the average balance for those carrying a balance is actually lower at the end of the term than it is at the beginning of the term. This drop is largely a function of low credit card balances for those people who had credit cards at the end, but not the beginning of the school year. So it is the increase in the pools of students who hold credit cards that is bringing the average credit card debt (per borrower) down. Among those with cards at the beginning of the school

**FIGURE 52 — CREDIT CARD DEBT — BEGINNING AND END OF SCHOOL YEAR**



year and at the end, the average balance at the two time periods is essentially the same — within \$27.

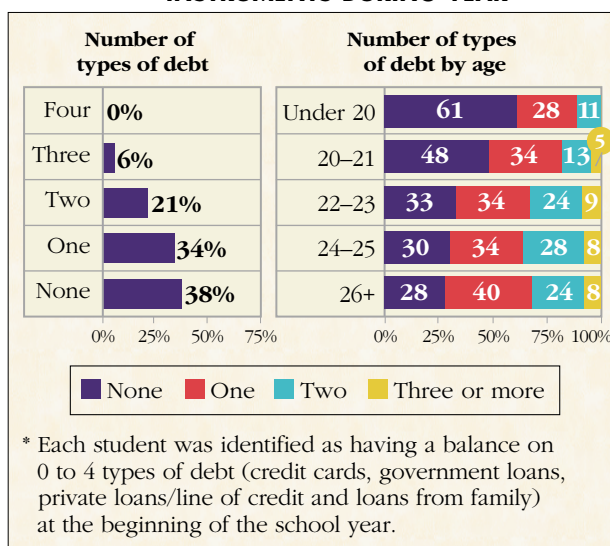
The next exhibit indicates that there were more students reporting a balance on their credit cards at the end of term than at the beginning (only students who completed both the baseline and the final survey were included). Whereas seven per cent reported a balance in September but not in May, three times as many students reported a balance in May but not in September. Some of this increased use of credit cards is a function of students acquiring these cards during the school year. Of those students who completed the last wave of the study (May), 32 per cent of those who said that they had no credit cards in the baseline reported a credit card balance in May. The average balance (for those who reported a balance) of these, relatively newly acquired cards, tends to be lower than for those who had cards in September (mean is \$435 compared with \$804 and \$2,000 for those with one or more than one card respectively). This is additional evidence that the reduced mean balance for all borrowers can be attributed to the expansion of the population of students using credit cards.

**FIGURE 53 — PATTERNS OF CREDIT CARD BALANCES**

### Multiple Sources of School Year Debt

Not only can students begin the school year with debt from multiple sources, they can also accumulate debt during the year in this manner. The next exhibit shows that 38 per cent of students did not report the accumulation of any debt during the year and no one reported borrowing from all four sources (four sources are: government, private loans/lines of credit, family and credit card balance at the end of the year). Just over one in four, however, reported at least two types of debt.

The effect of age is again present but it is not as strong as it is for pre-existing debt. Once students get to age 22, they tend to access the same number of sources of debt as those who are older. The key difference is that those under 20 are more likely to be able to get through the school year without accumulating debt or doing so with only one source, likely because of the relationship of age with living at home and financial support from parents.

**FIGURE 54 — BALANCE ON MULTIPLE DEBT INSTRUMENTS DURING YEAR**

Similar to the pattern of debt from specific sources (government and private), the typology shows a slightly different picture from the age distribution, presumably because of labour force activity. While the Studying Mature are the most likely to have multiple sources of debt (in fact, 44 per cent have debt from two or more sources during the school year), the Working Mature (the other older student group) report debt from the fewest sources. The second highest user of multiple sources of debt during the school year is the Traditional Non-working (with 31 per cent incurring debt from two or more sources).

Chapter Seven examines the overall pattern of income from all sources, across the entire year. This chapter further explores the amounts of total debt for all students and by key sub-groups.

## 6.3 IMPACT ON SCHOOL PERFORMANCE AND CONTINUATION

The potential impact of receipt of and amount of assistance and debt on student academic performance was examined. The use of government assistance (loans vs. other) and the mean dollar amounts received per month were examined for students at different grade levels. As well, the impact of students' total debt incurred was analyzed in this way.

*Lack of governmental support does not have an impact on the final result with respect to academic achievement.*

The performance of students (i.e., reported grades from the first semester) does not vary appreciably based on the presence of government assistance — in the form of loan or non-loan assistance — or the mean amount of support received from government, implying that lack of governmental support does not have an impact on the final result with respect to academic achievement, at least for the students in the

particular groups in the study. (This does not show, however, that the students who did receive assistance would have done as well academically as they did if they had not had assistance.)

There is little evidence to establish a link between high levels of student debt and discontinuation from school. The vast majority of non-graduating students intend to return to school to continue their program (83 per cent) or start a new program (six per cent). The decision to discontinue school is not evidently affected by access to government loan or non-loan assistance. Students who have higher debt levels (more than \$6,000) are, however, somewhat less likely to say they are returning to school to continue their academic program ( $p < .05$ ). A follow-up question asking whether the reasons they are not returning are financial in nature included too few responses to properly analyze the results.

**TABLE 16 — MONTHLY GOVERNMENT LOAN AND NON-LOAN ASSISTANCE AND TOTAL DEBT,\* AND FIRST TERM GRADE, SEPTEMBER 2001 TO DECEMBER 2001**

	TOTAL	A AVERAGE	B AVERAGE	C OR LOWER AVERAGE
<b>OVERALL (ALL AGES) (n=1088)</b>				
Received government assistance — loan or other (%)	33	33	33	34
Government student loans (monthly \$)	207	198	216	201
Government bursaries, etc. (monthly \$)	62	58	62	68
Total debt incurred (monthly \$)	315	338	316	259

\* Computations based only on students with valid grade data during the first term, and *include* those who received no money from the source indicated during the first term.

**TABLE 17 — INCIDENCE OF CONTINUING PROGRAM, BY STUDENT CHARACTERISTICS**

<b>CHARACTERISTIC</b>	<b>PERCENTAGE OF NON-GRADUATING STUDENTS CONTINUING PROGRAM/STARTING NEW PROGRAM (%) (n=671)</b>
Overall	89
<b>Received government assistance — loan or other</b>	
Yes	87
No	90
<b>Government Loans</b>	
<\$5,000	89
\$5,001+	83
<b>Government Bursary</b>	
<\$1,000	91
\$1,001+	82
<b>Total Debt Incurred</b>	
Zero	93
<\$3,000	86
\$3–\$6,000	89
\$6,000+	82



## CHAPTER 7 — FINANCIAL PICTURE

The following chapter brings together evidence from the baseline and monthly survey waves, to create a picture of student finances across the year. It examines amounts and sources of income and expenditures reported by students going into the school year, and over the eight months. It begins by creating a temporal picture of income and expenses from the beginning to the end of the school year, along with a look at the overall balance carried by students (on average) from month to month. Following that, the proportions that each source of income and expenditure represent of the overall picture are examined in greater detail, comparing the patterns reported by different student groups. Finally, there is an overall snapshot of accumulated income over the year and a final look at overall current debt for the post-secondary student population.

The reader should note that findings presented in this chapter come from baseline and monthly reporting of financial informa-

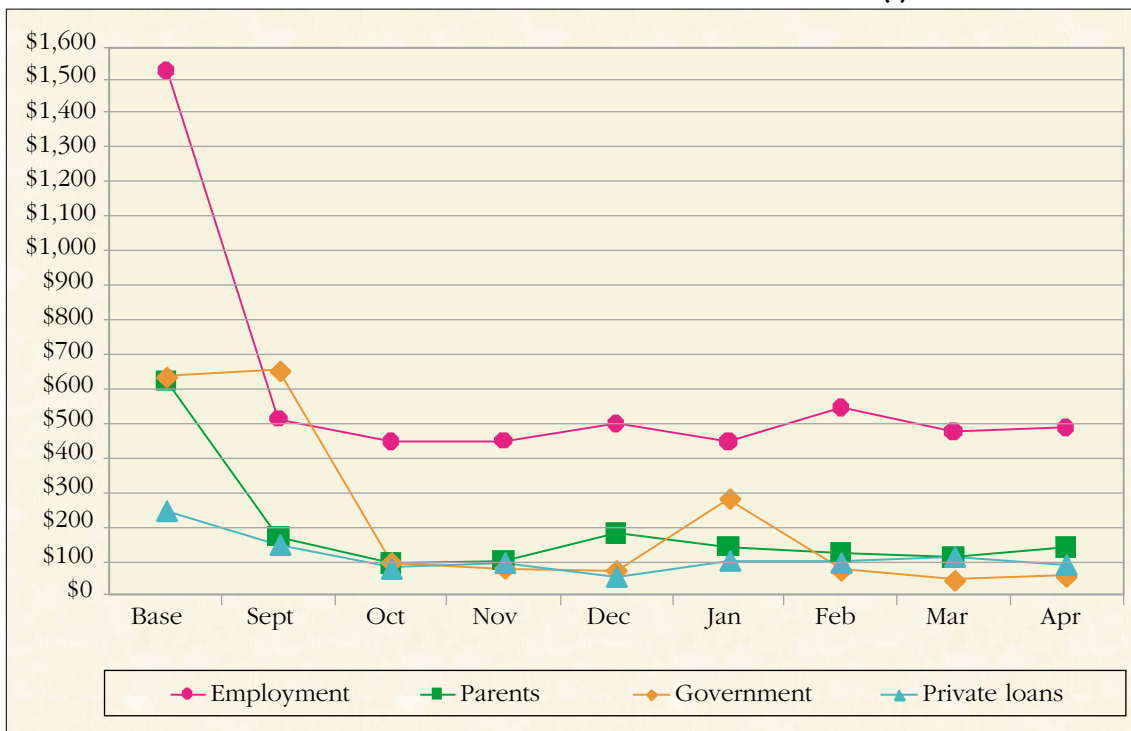
tion. In order to work from a common base in the analysis, a filter was placed on the data to include all cases of students who participated in at least four monthly waves of reporting (as well as the baseline). This includes 1,257 participants out of the original 1,543 in the study.

*Employment earnings are largely flat across the school year with a slight hike in the month of February.*

### 7.1 BUDGET PATTERNS OVER THE SCHOOL YEAR

With respect to income, the largest contribution comes from employment. Earnings start out very high in the baseline, as a result of reported savings from summer earnings. Otherwise, employment earnings are largely flat across the school year with a slight hike in the month of February. When isolating full-time or part-time students, the patterns are different. The pattern of full-time students

**FIGURE 55 — AVERAGE MONTHLY AMOUNTS OF INCOME OVER THE YEAR (I)**





resembles that depicted on the chart, starting high but then dropping to the \$300–\$400 range from month to month over the year, with a small spike in February. The part-time pattern shows a lower level of savings (closer to \$1,000), and an even flatter distribution over the year (with no spike in a particular month) at about the \$1,100 to \$1,200 range.

Income from parents shows a large initial spike at the start of the school year and then a much smaller one again in December, presumably from holiday gifts. Otherwise, parental contributions are also fairly flat across the year.

Income from government loans shows the same spike in the baseline and in September, at the start of school, followed by a smaller, but significant, jump in January. The pattern for income from private loans is far flatter with only a small initial spike at the baseline (presumably because students withdraw

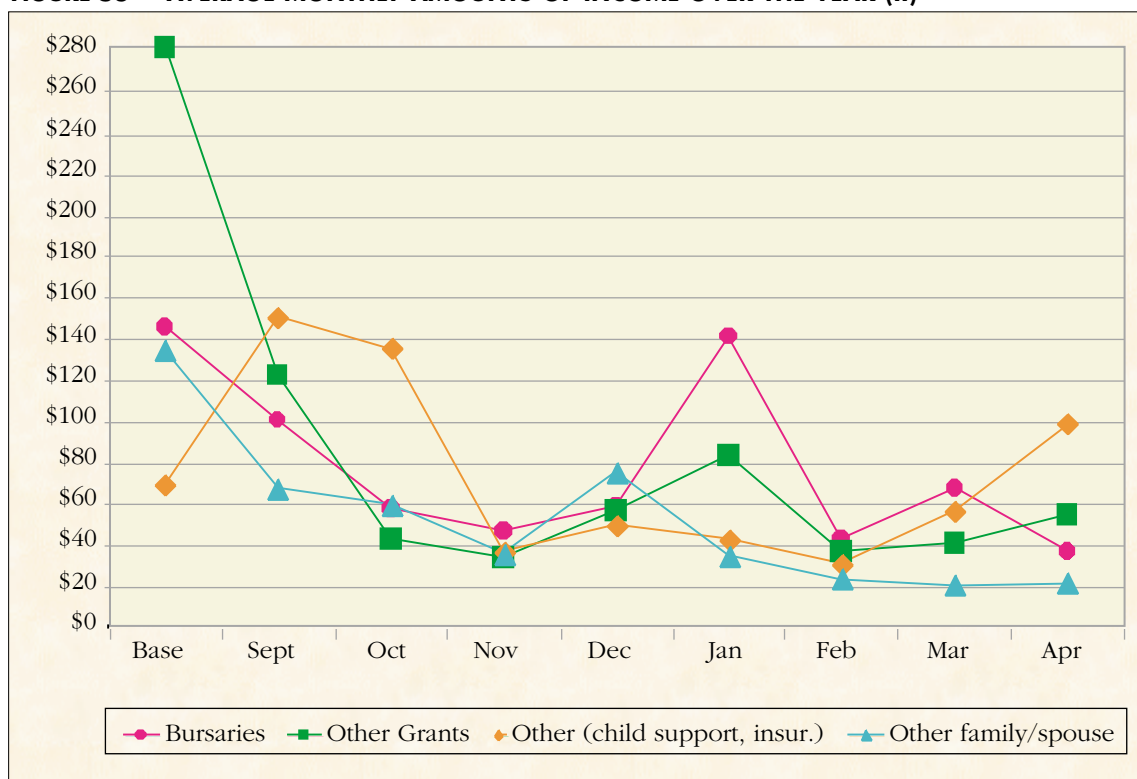
income from private loans/lines of credit as the funds are needed, rather than in large lump sums).

Income from government bursaries shows an initial hike at the baseline and in September and then another spike in January that is equal to the baseline.<sup>1</sup> Payments from other grants also show a very large infusion at the baseline, followed by a smaller spike in September and an even smaller one in January.<sup>2</sup>

Income from child support, insurance settlements and other types of payments (experienced by only a few students) show spikes in September and October (but not in the baseline), and then again in March and April.

Support from other family members, including spouses, shows the same pattern as support from parents, with an initial spike at the baseline and then again in December (again, likely from money received as holiday gifts).

**FIGURE 56 – AVERAGE MONTHLY AMOUNTS OF INCOME OVER THE YEAR (II)**



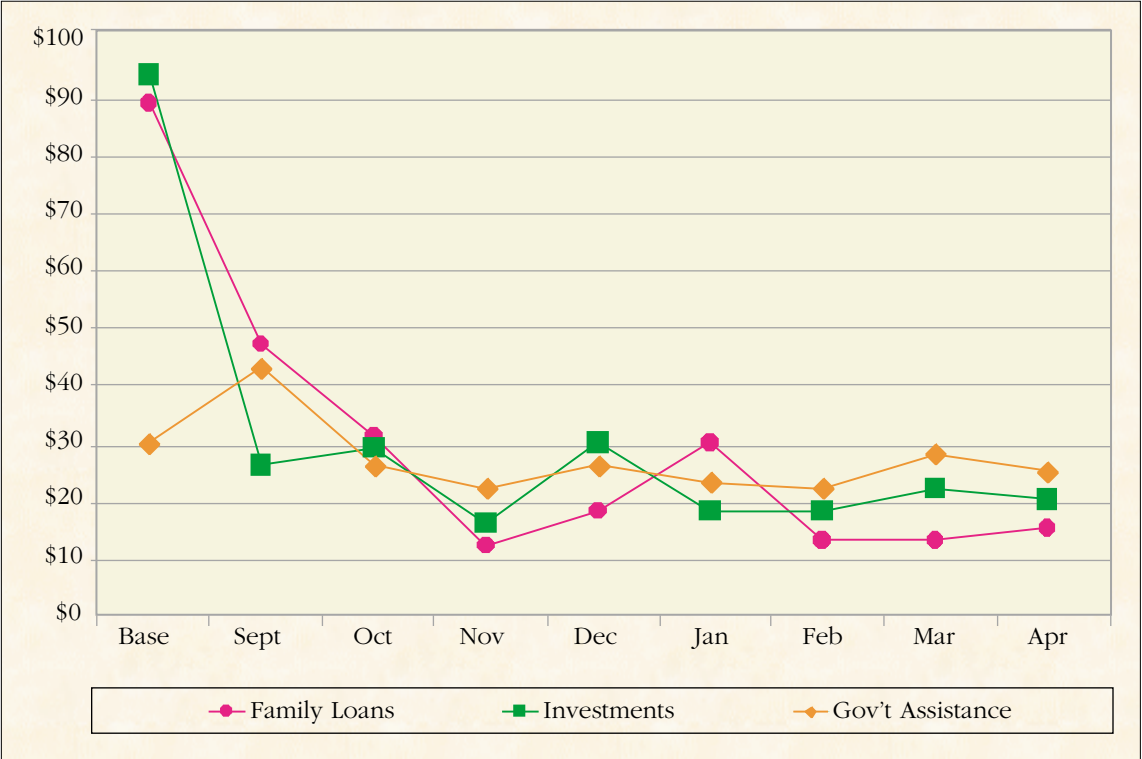
1. Likely includes grants from national granting councils such as NRC and SSHRC. It does not include grants and scholarships from educational institutions.
2. Likely includes scholarships and grants from educational institutions.

Loans from parents and other family members are high at the baseline and in September and October, but decrease with each month. A spike appears again in January.

Investments seem to be cashed in prior to the school year and then remain relatively flat throughout its duration.

Other government assistance, covering things like social assistance and employment insurance, have spikes at the baseline and in September, but then remain steady throughout the school year.

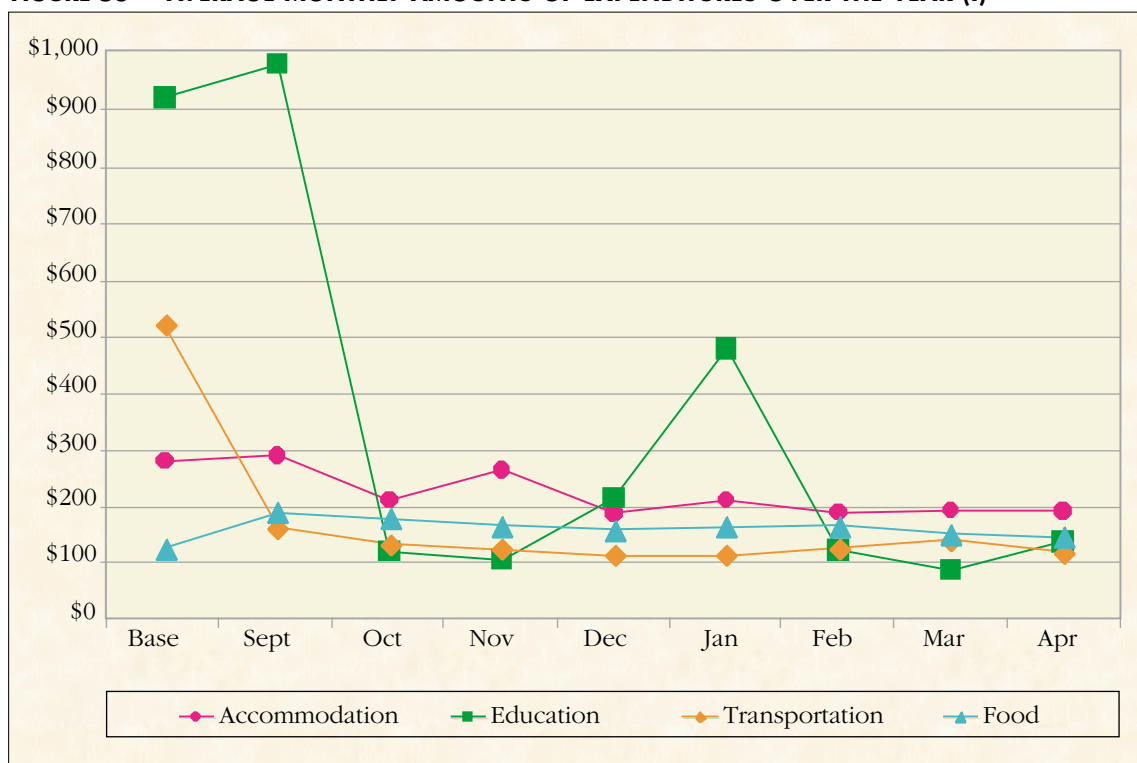
FIGURE 57 – AVERAGE MONTHLY AMOUNTS OF INCOME OVER THE YEAR (III)

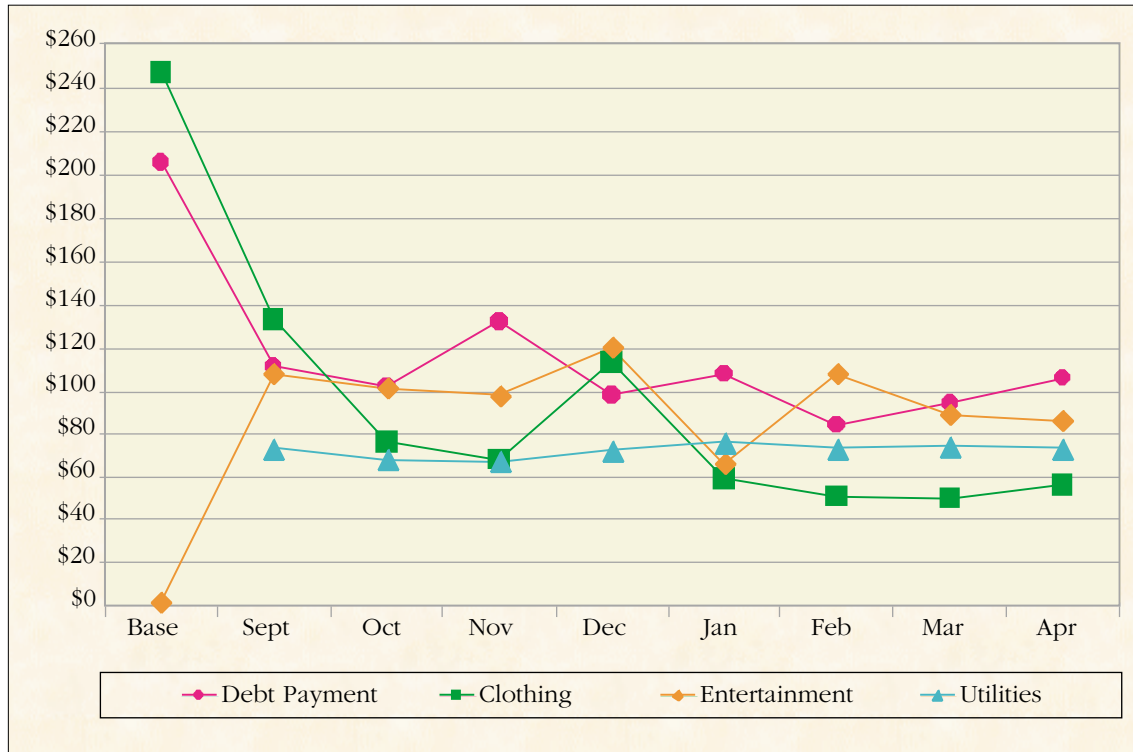


Expenditures remain fairly flat across the school year. Accommodation, for example, shows a small spike at the baseline, but otherwise remains the same across the eight months. Education costs, on the other hand, show very large spikes at the baseline, in September and then again (though much smaller) in January. Transportation shows initial payments at the baseline, followed by

a flat pattern across the year. Note that for a small number of students, transportation expenditures include airfares and other trip expenses to relocate. Payments for food are likely the most stable pattern of all expenditures reported. Note that there is little in the way of prepayment for food (with the exception of some initial fees for meal plans).

**FIGURE 58 – AVERAGE MONTHLY AMOUNTS OF EXPENDITURES OVER THE YEAR (I)**



**FIGURE 59 — AVERAGE MONTHLY AMOUNTS OF EXPENDITURES OVER THE YEAR (II)**

Debt payment shows an initial spike at the baseline and then another smaller one in November. Students spend in concentrated periods at the baseline, in September and December for clothing. Entertainment has no prepayments associated with it (we did not ask about entertainment at the baseline), showing a minor spike in December, but a considerable lull in January. Utilities, like accommodation and food, are paid quite regularly across the school year.

Household expenditures (such as furniture, supplies and so on) show a severe hike in September (presumably for one-time expenses such as furniture and moving expenses). There is another, much smaller spike in December.

Investment payments are reported in much higher concentrations at the baseline and then again in February (during RRSP season), but there is an ebb in December.

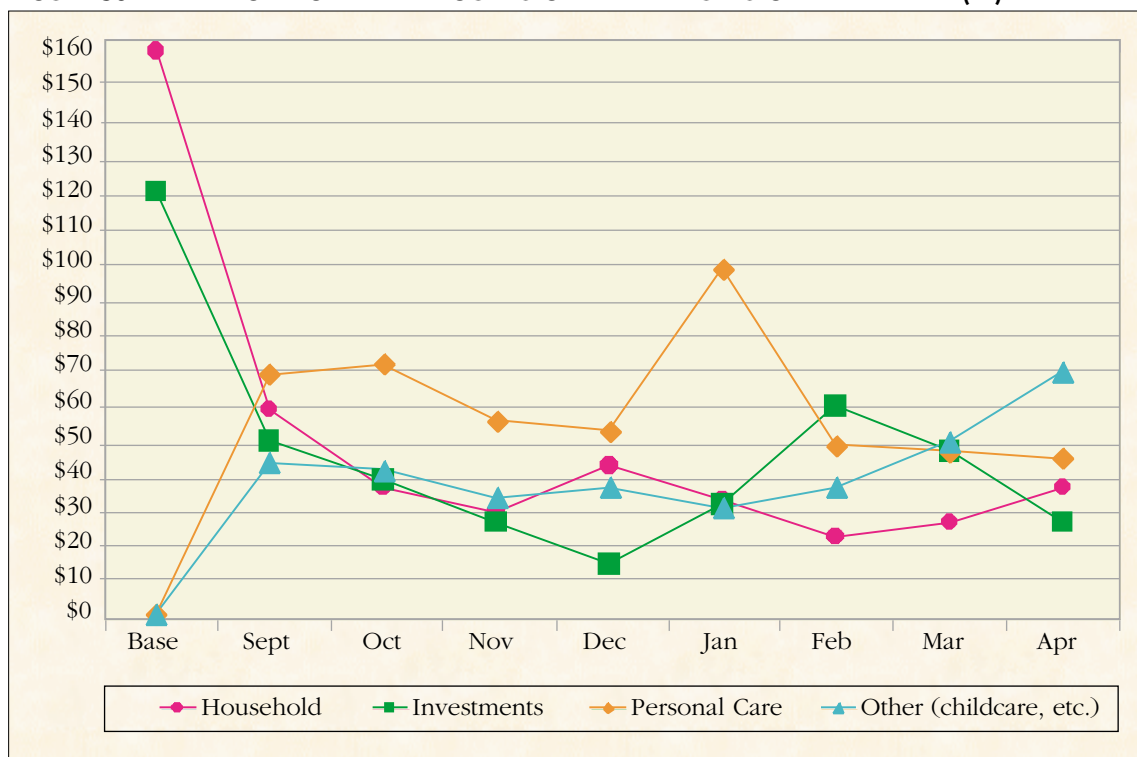
Personal care and other types of expenses, such as childcare, have no prepayments associated with them (we did not ask about these in the baseline). Personal care shows a fairly flat but decreasing trend across the eight months, with the exception of a large spike in January. Other expenses show a slow rise towards the later months of the school year.

One of the purposes studying students' monthly income and expenditures was to examine the patterns of budgets from month to month to see the points during the school

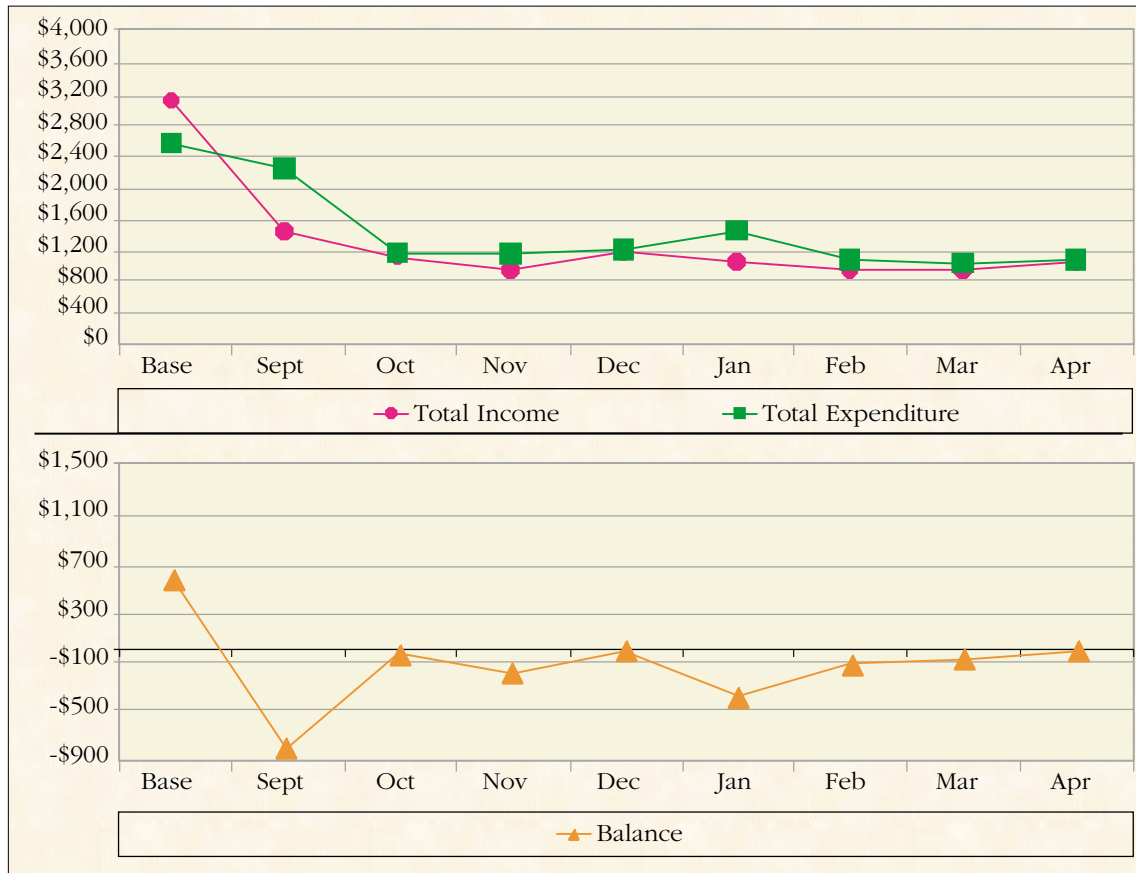
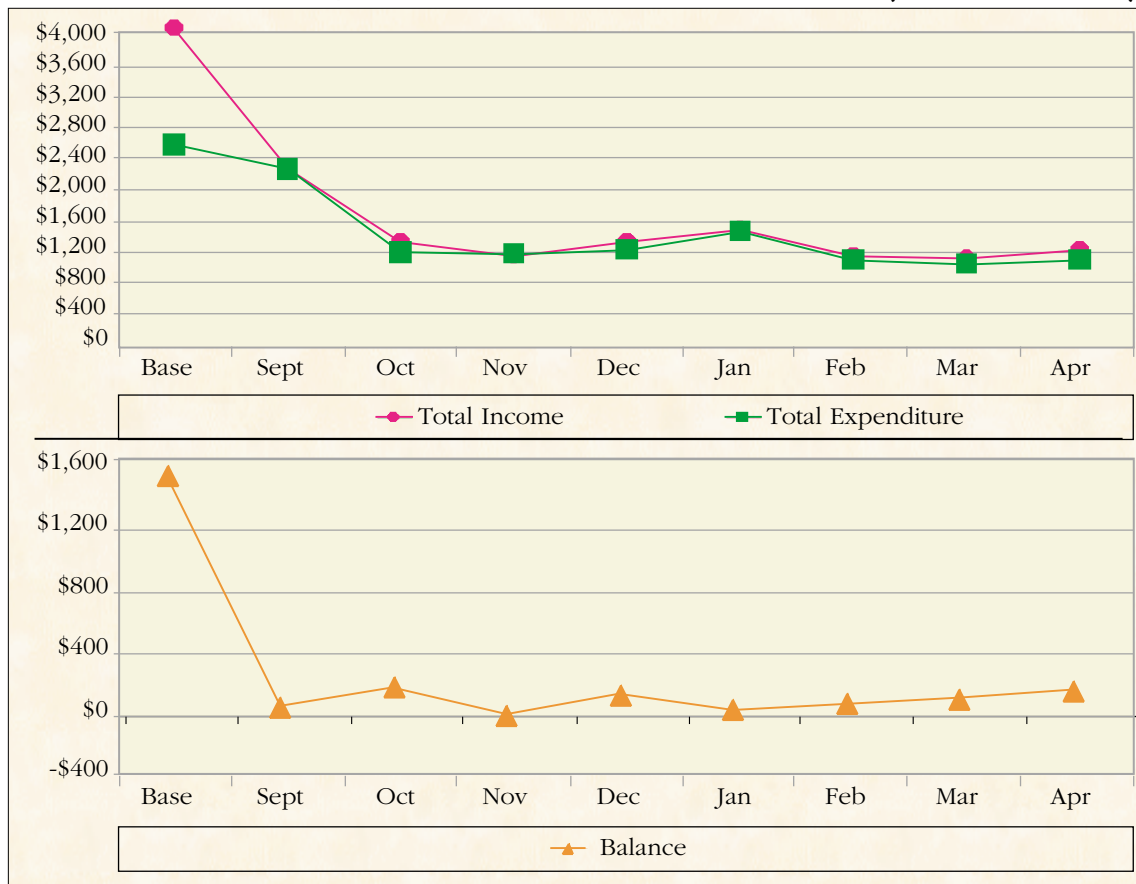
year at which students have needs that exceed available resources (if they do). The following graphs are illustrative of the financial picture of students going into the school year and across each month. The baseline indicates the just-under-\$1,600 surplus that students have going into the school year after borrowing, or just above \$500 before borrowing, based on the savings of their summer employment earnings. For the most part, students live very close to the line. They generally operate in the red from month to month after borrowing, but always by only a few dollars of income less than their bill payment requires.<sup>3</sup> Across the academic year, students are in the black (not including debt load). Other than

the baseline, September and January are the months with the greatest demands in terms of expenditures. These are the leanest months in terms of the overall balance experienced by students. November is the only month, however, in which they are clearly in the red, even after borrowing (i.e., with expenses that exceed available income from the month — where they must rely on their savings). October, December and April are the best months for students. In these months, their income (including loans) exceeds their needs. In December, this is largely due to money from family (i.e., holiday gifts) and in April it is largely because of an increased ability to work more hours.

**FIGURE 60 – AVERAGE MONTHLY AMOUNTS OF EXPENDITURES OVER THE YEAR (III)**



3. The terms “in the black” and “in the red” refer simply to the monthly surplus or deficit situation represented by the amount of income minus the expenditures. Recall that about 22 per cent of reported income is repayable, so the term “in the black” should be interpreted with caution. This is also the case with the term “in the red”, given that the overall student sample started the school year with a surplus of roughly \$1,600 from which to draw on in deficit situations.

**FIGURE 61 — TOTAL INCOME, EXPENDITURE AND BALANCE OVER THE YEAR (BEFORE BORROWING)****FIGURE 62 — TOTAL INCOME, EXPENDITURE AND BALANCE OVER THE YEAR (AFTER BORROWING)**

## 7.2 SOURCES OF INCOME AND EXPENDITURE

*The average reported earnings (for all students, even those without employment income) are \$5,400 for the year.*

This section provides an understanding of where students' income is coming from and how it is being spent. Naturally, employment earnings make up the largest portion of income, at 40 per cent. The average reported

earnings (for all students, even those without employment income) are \$5,400 for the year. Government loans make up the next largest share of students' annual income at 15 per cent, with an overall mean of \$2,000 across all students. Including

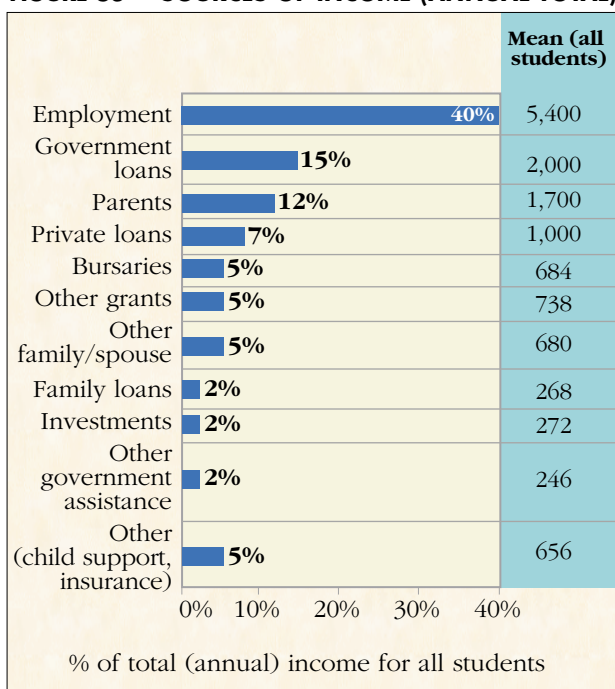
the five per cent of income from bursaries, the total support from government represents 22 per cent of the income reported by all students (or roughly \$2,700 for all students).

Parents also contribute a large share of the income, at 12 per cent, and an overall mean of \$1,700 among all students (including those without parental support). Considering all family members, 17 per cent of income comes from this source (or just over \$2,400 for all students). Private loans are the next largest proportion of income at seven per cent. If one assumes that other grants come from private sources, the total support from this source increases to 12 per cent.

If all repayable forms of income (i.e., loans from government, private sector and family) are removed, employment makes up 47 per cent of annual income and parental contributions make up 15 per cent. All other sources make up one to two percentage points more than the figures represented below.

With respect to expenditures, education is the largest source (relative to others) at 24 per cent. This is largely because all students have educational costs, while only a portion have to pay for accommodation, transportation, food and so on.<sup>4</sup> The average annual expenditure for students on school is \$3,100. Accommodation is a distant second at 15 per cent, or \$1,900 for the year among all students. Transportation and food account,

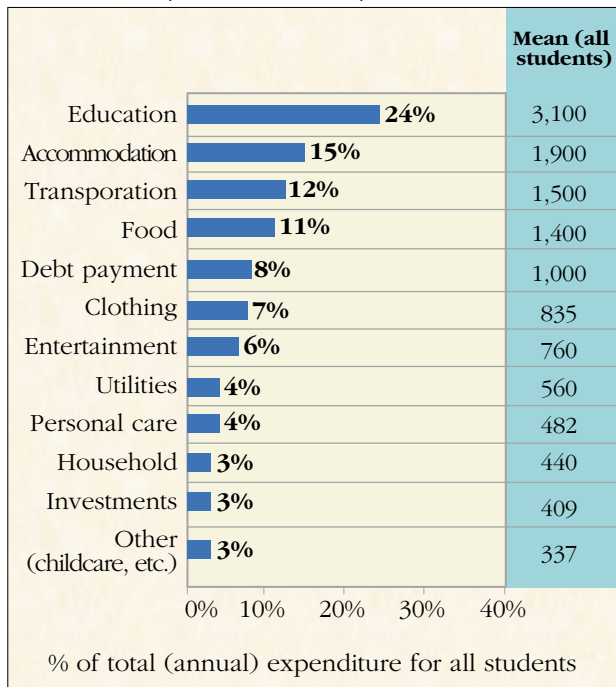
**FIGURE 63 – SOURCES OF INCOME (ANNUAL TOTAL)**



4. This is not to say that there are not accommodation, transportation and food costs incurred for these students, however, the students are not paying for them. Undoubtedly, some actual costs associated with students' living are not captured in this study, however, this study focused exclusively on student expenditures.

respectively, for 12 and 11 per cent of annual expenditures for all students. Debt payment accounts for eight per cent of expenditures for the year, averaging \$1,000.<sup>5</sup> Clothing and entertainment together make up 13 per cent, accounting for almost \$1,600 collectively, for all students. Utilities, personal care and household supplies and services and investment products each account for three to four per cent of overall expenses, as does the last catchall “other expenses.”

**FIGURE 64 – SOURCES OF EXPENDITURE  
(ANNUAL TOTAL)**



5. Among only those students with debt, the debt repayment is naturally somewhat higher at almost \$1,340 for the year (representing ten per cent of expenses). The order of magnitude and basic pattern of expenditures, however, is very similar (i.e., within three percentage points for all categories), since most students report some form of debt and debt repayment. Among the smaller segment of students who do not have repayments to make, the overall level of expenses is lower (since these are younger students) and education accounts for 34 per cent of their expenses.



### 7.3 AVERAGE MONTHLY INCOME AND EXPENDITURE

This section examines a simplified pattern of monthly income and expenses for different segments of the student population. Income is collapsed into five sources:

- employment earnings
- support from family (including loans and non-loans from parents, spouses and other family members)
- government support (including loans and bursaries)
- support from the private sector (including loans and other grants)

*All students bring in about \$50 less than they spend on a monthly basis after borrowing from government, private and family sources.*

- other (including other government assistance, investments, child support, insurance and other sources of support common to only a small proportion of students).

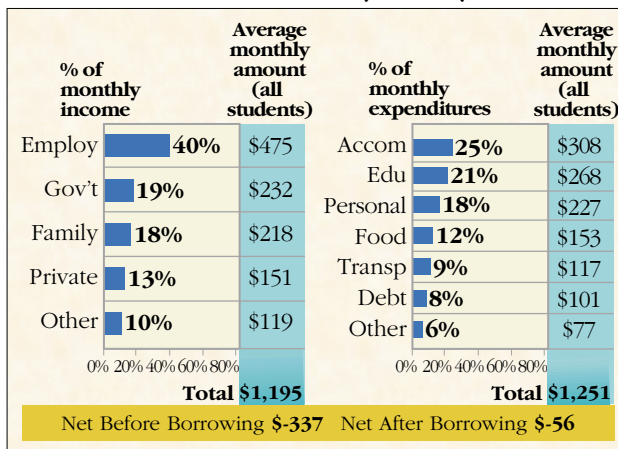
Expenditures are collapsed into seven sources:

- Accommodation (including utilities and household supplies and services)
- Education
- Personal (including personal care, entertainment and clothing)
- Food
- Transportation
- Debt payment
- Other (including childcare and other expenses reported by few students).

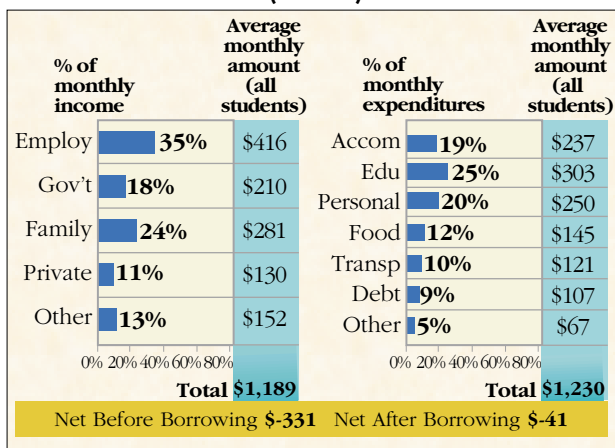
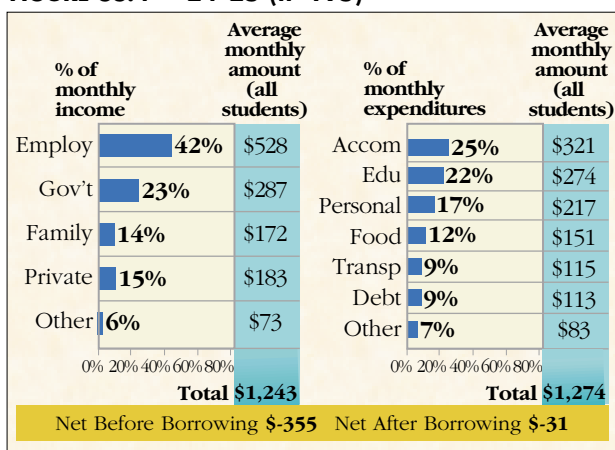
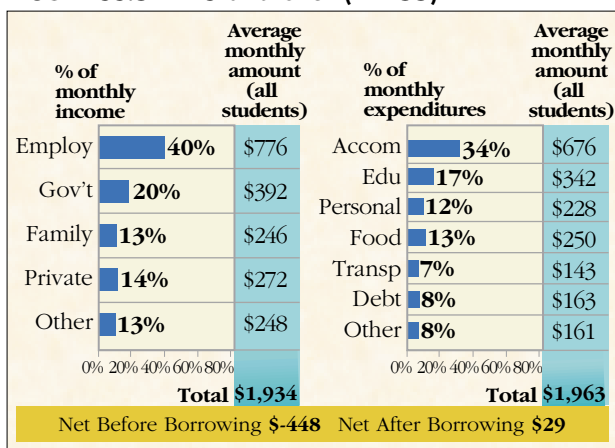
These sources of income and expenditure are shown as a percentage of all (average) monthly income received or expenditures paid out among all students. Also shown are the average amounts reported (on a monthly basis). The first chart repackages much of the same information discussed in previous sections, for the overall student sample (for a common basis for comparing other student segments), but looking at the financial pattern for an average month.

Overall, employment is the largest source of income in any given month (as indicated in the previous section), followed by government support, support from family and then private sources. Note that while education is the biggest source of expenditure across the year, in an average month it is second to accommodation. Students' monthly living costs are about \$1,200. The bottom line is that all students bring in about \$50 less than they spend on a monthly basis after borrowing from government, private and family sources. Taking the loans out of the equation, students' monthly expenses total just over \$300 a month more than their monthly income.

**FIGURE 65 – MONTHLY INCOME AND EXPENDITURES – ALL STUDENTS (n=1257)**





**FIGURE 66.3 – 22-23 (n=342)****FIGURE 66.4 – 24-25 (n=195)****FIGURE 66.5 – 26 and over (n=255)**

## Living Arrangements

Naturally, those students who live with their parents have substantially lower living costs than others. Those living with roommates operate in a fairly lean environment but students who live alone or with a spouse are in a different situation financially (operating at levels between \$1,600 and \$2,000 per month). It is interesting to note that students living with their parents typically operate in the red (after borrowing), albeit not by very much. Those living with spouses (where, presumably, there is a spouse's income to rely on) operate in the black (after borrowing). Students living with roommates are in the most precarious position financially, operating at an average deficit of \$166 each month, even after borrowing. Taking loans out of the income side of the equation, those living with roommates are in the worst position.

On the income side, students living with roommates report the lowest employment earnings, while those living with a spouse report the highest (which is not surprising, since they are typically older and older students command higher wages). Support from government is minimal among those living at home and highest for those living alone (and similar for students living with others, whether a spouse or a roommate). Support from family is also lowest among those living at home (although they obviously receive support in less direct ways). Students living with a spouse report the highest income from family. Income from private sources is highest for students living with a spouse and lowest for those living with parents.

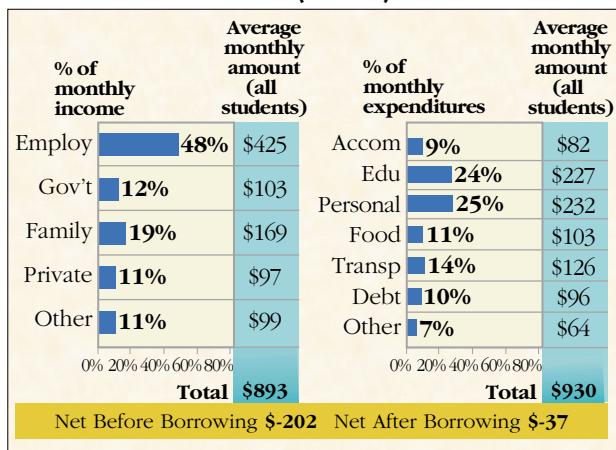
On the expenditure side, accommodation is obviously low for those living with parents, however, it is interesting to note that some students do pay room and board. Since

students were asked to report only the amount of expenses that they are *personally* responsible for, the average bills for accommodation between those living alone and those living with a spouse are similar. Education expenses are highest for those living with a spouse (the oldest students), but not much lower for those living with a roommate. People living with their parents (the youngest students) pay the least. Personal care expenses are quite similar across the

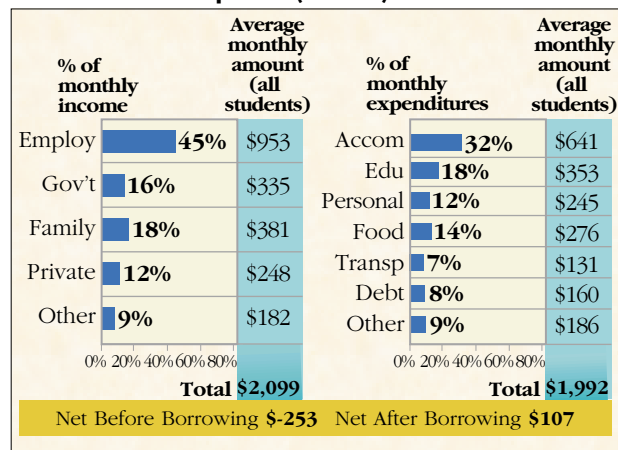
board. Food costs, like accommodation, are low for those living with parents. Students living with a spouse pay the most for food, presumably because some also have dependents. Transportation costs are similar for all groups, but lower for those living with roommates, perhaps because the latter are most likely to be located near the school. Debt payment is highest for those living with a spouse and lowest for students living with parents.

## MONTHLY INCOME AND EXPENDITURES BY LIVING ARRANGEMENTS

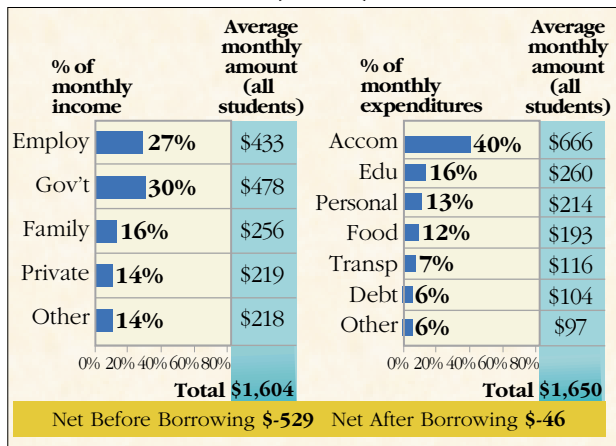
**FIGURE 67.1 – Parents (n=668)**



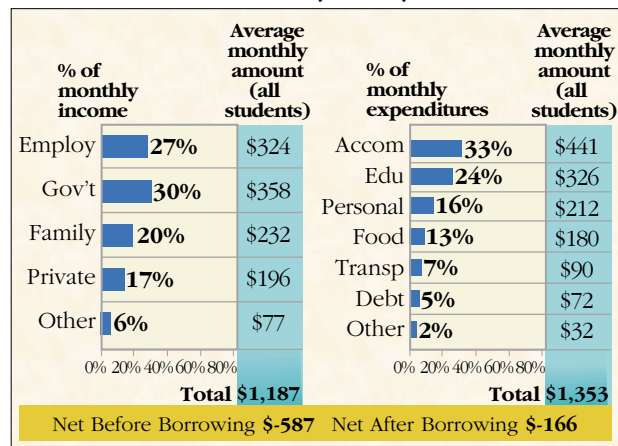
**FIGURE 67.2 – Spouse (n=161)**



**FIGURE 67.3 – Alone (n=146)**



**FIGURE 67.4 – Roommate (n=239)**











## Typology of Students

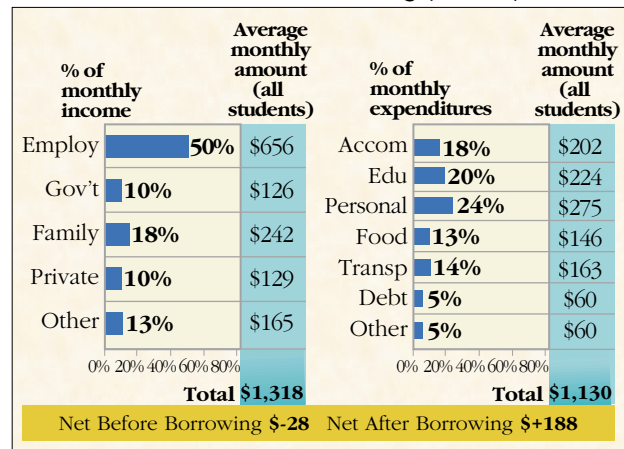
Looking at the five student groups, the first element that stands out is the higher income and expenditure levels experienced by both of the older student groups — the Working Mature and the Studying Mature. The next element of note is the groups that are running over and under budget from month to month. It is not surprising to see that the At Home Working, who typically live at home with their parents and are working nearly half time (19 hours per week on average) operate in the black (or slightly in the red before borrowing). The Working Mature are in the red, but only slightly before borrowing, and they borrow just over \$200 per month. The Studying Mature are quite far into the red. The two Traditional groups also operate significantly in the red.

On the income side, the Working Mature report the highest income, as already indicated. The At Home Working report the next highest average (monthly) employment earnings and the next highest concentration of income coming from employment. They are followed by the Traditional Working, whose monthly average, though, is not very high. The Studying Mature and Traditional Non-working also report monthly employment earnings, however, that does not account for much of the overall income. Income from government is highest for the Studying Mature and lowest for the Working Mature and At Home Working. Income from family is highest for the Studying Mature, followed by the At Home Working and the Traditional Non-working. The Studying Mature and Traditional Non-working also draw the largest monthly support from private sources.

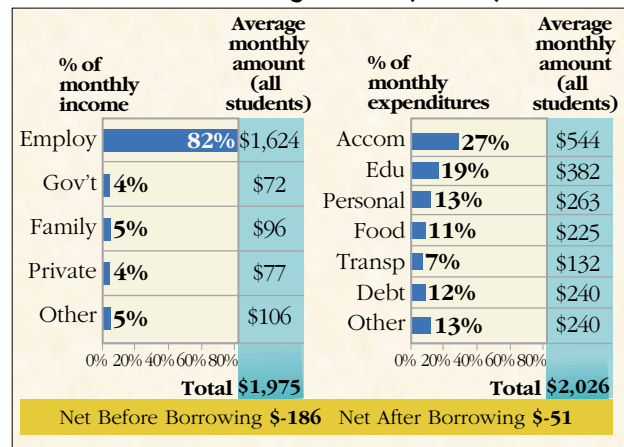
Looking at the income side, it is interesting to note that the Working Mature draw almost exclusively from a single source of income, a pattern that is similar, if less pronounced, for the At Home Working. On the other hand, the Studying Mature and Traditional Non-working tap income from virtually all sources in large amounts.

## MONTHLY INCOME AND EXPENDITURES BY STUDENT TYPOLOGY

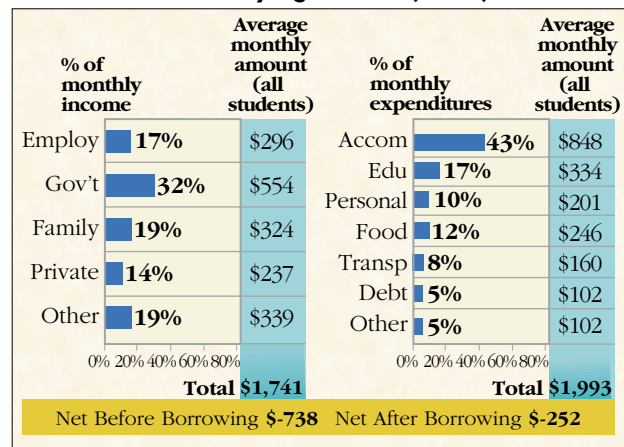
**FIGURE 71.1 — At Home Working (n=296)**



**FIGURE 71.2 — Working Mature (n=100)**



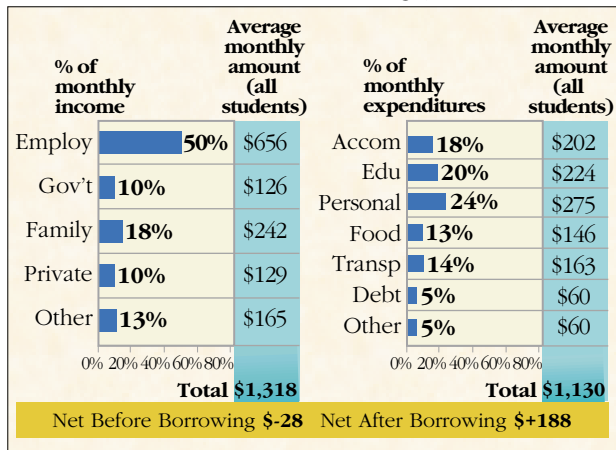
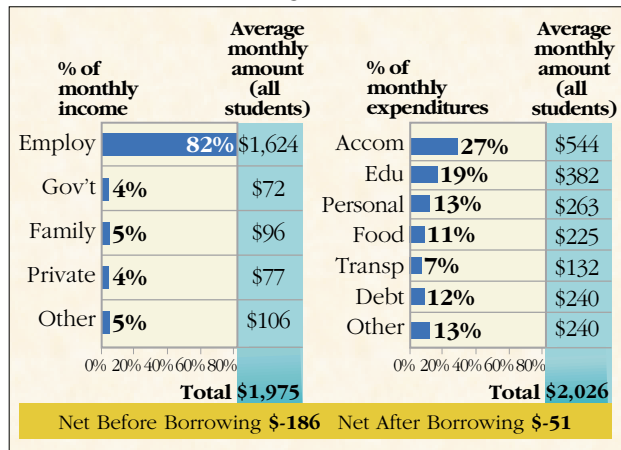
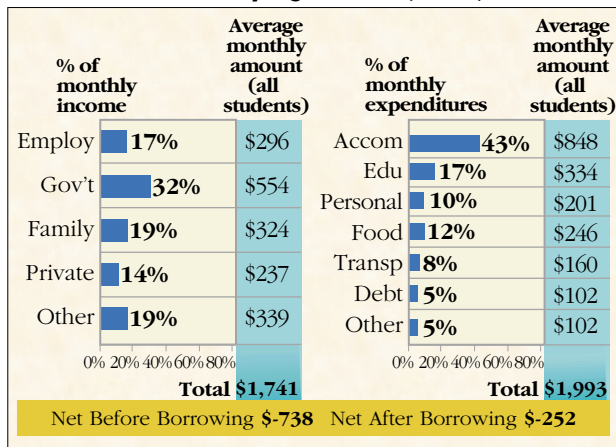
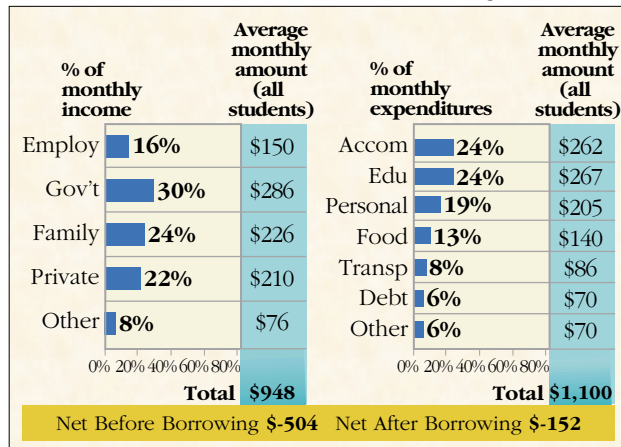
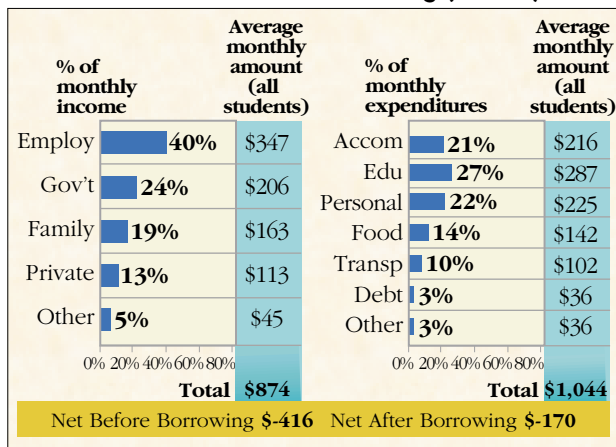
**FIGURE 71.3 — Studying Mature (n=73)**







# MONTHLY INCOME AND EXPENDITURES BY STUDENT TYPOLOGY (CHARTS — REPEAT)

**FIGURE 71.1 — At Home Working (n=296)**

**FIGURE 71.2 — Working Mature (n=100)**

**FIGURE 71.3 — Studying Mature (n=73)**

**FIGURE 71.4 — Traditional Non-Working (n=400)**

**FIGURE 71.5 — Traditional Working (n=147)**


## Parental Support

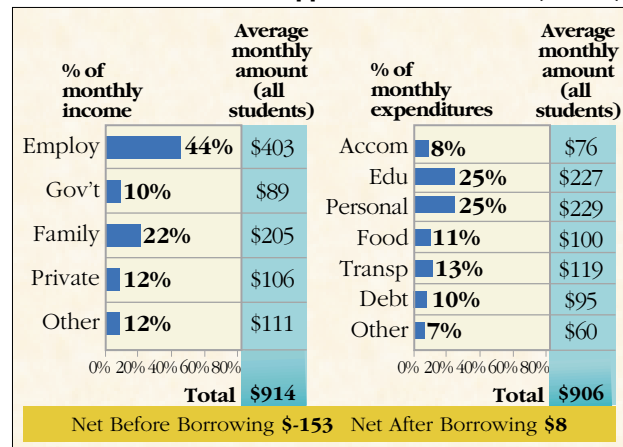
Students who receive financial support from their parents and live at home operate at a considerably lower level of income and expenditure than those who are supported but live away from home, or those without support (in large part because those receiving support and living at home tend to be younger, and those living away from home or not receiving support tend to be older). There is virtually no difference, however, in the budgeting outcomes of those supported and living at home and those who are not supported; both operate slightly in the red, but very close to the line. Students who are supported but live away from home, however, have much more difficulty making ends meet.

On the income side, employment earnings are much higher among those not receiving parental support (as discussed in the chapter on family support). Some of those who do not receive parental support get assistance from other family members (about \$90 on average each month). Those receiving parents' support receive less government support if they live at home, but a similar amount if they live away from home. Income from government, private sources and other sources is larger for those not receiving income from parents. Students who are supported, but live away from home, receive higher income from family.

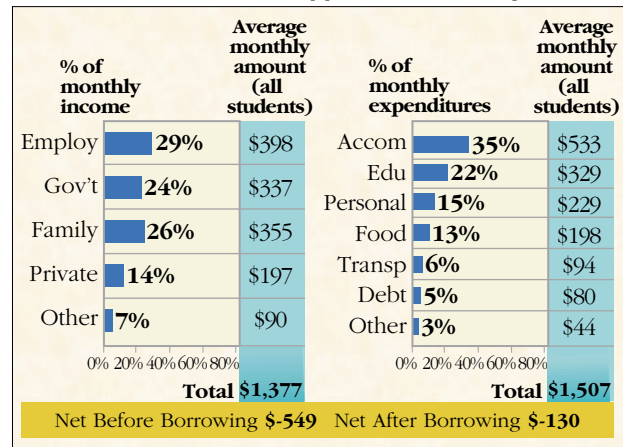
On the expenditure side, those students who are supported by their parents and live at home incur lower costs on almost everything, with the exception of education and personal care, which are similar for the two groups. Students who are supported by parents, but live away from home, experience similar levels of expenditure as those who go without parental support. Overall, this group operates far into the red because their employment income is \$200 a month lower than the "not supported" group yet they have the same expenses. Compared to the supported group living at home, they receive \$150 more per month in support from family, but they pay \$450 more per month in accommodation.

## MONTHLY INCOME AND EXPENDITURES BY PARENT SUPPORT STATUS

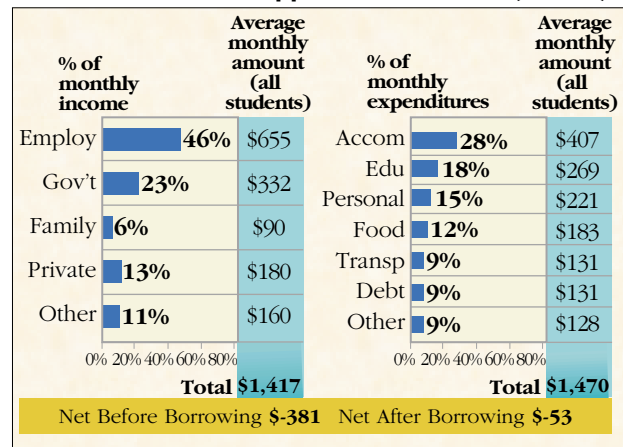
**FIGURE 72.1 – Parents Support – Live at Home (n=524)**



**FIGURE 72.2 – Parents Support – Live Away (n=354)**



**FIGURE 72.3 – No Support from Parents (n=401)**



## Government Support

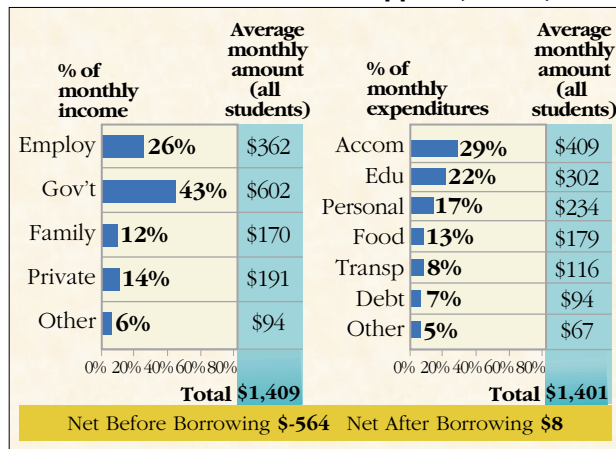
Students who receive support from the government operate at a similar level as students not receiving support and living away from home, however both of these groups operate at a considerably higher level of income and expenditure than those not receiving support and living at home. This group also budgets exactly on the line on a monthly basis (after borrowing) as does the group not receiving support and living at home. The group not receiving government support and living away from home operates in the red each month, even after borrowing.

On the income side, (as expected) students receiving income from the government report lower employment earnings. Those who are not supported by government and live away from home report considerably higher earnings. The income from family is much higher for those not supported by government who live away from home. Income from private sources is higher for the group that receives no government support and lives at home, however this income level is the same for the government-supported students and those not supported who live away from home.

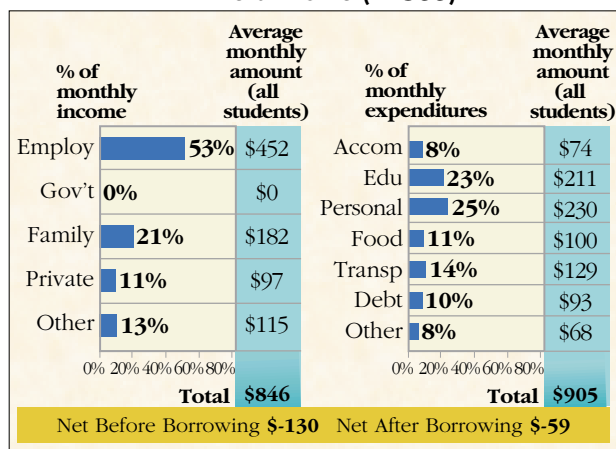
On the expenditure side, students who do not receive government support and also live away from home report somewhat higher accommodation costs and the same education costs as those supported by the government. Expenses for personal care are similar across the two groups, and the supported group reports a similar level of food costs as those not supported and living away from home. Transportation and debt payment are also similar in magnitude from one group to the other.

## MONTHLY INCOME AND EXPENDITURES BY GOVERNMENT SUPPORT STATUS

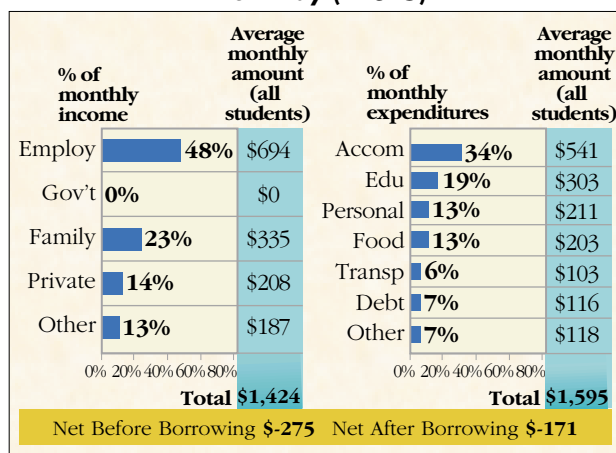
**FIGURE 73.1 — Government Support (n=483)**



**FIGURE 73.2 — No Support from Government — Live at home (n=533)**

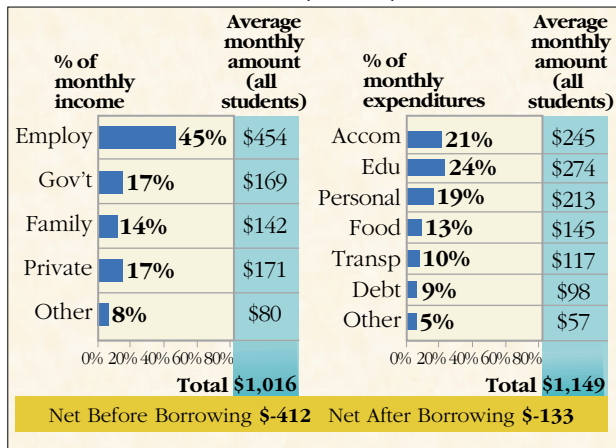
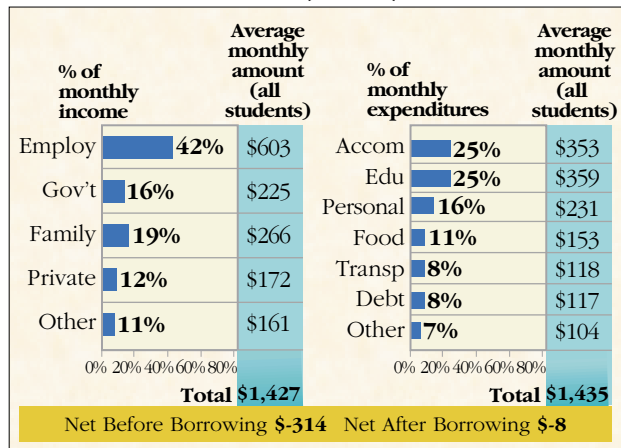
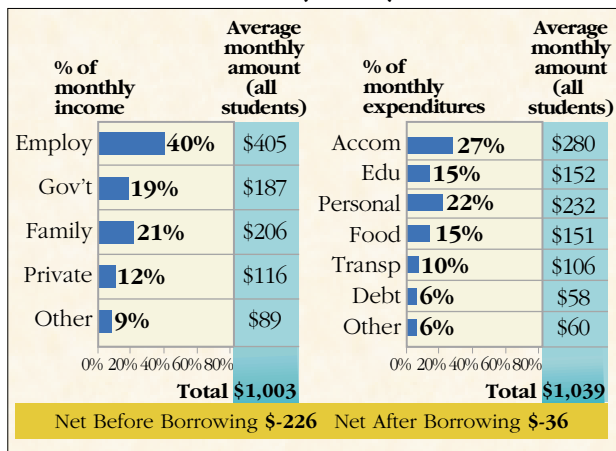
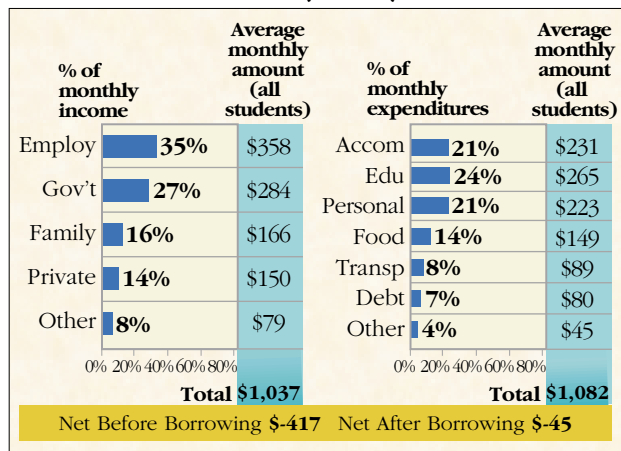


**FIGURE 73.3 — No Support from Government — Live Away (n=315)**







**FIGURE 74.3 — Prairies (n=153)****FIGURE 74.4 — Ontario (n=356)****FIGURE 74.5 — Quebec (n=284)****FIGURE 74.6 — Atlantic (n=139)**



## 7.4 AN OVERALL FINANCIAL PICTURE

For an overall financial picture, the first table presents annual income reported in each of the main categories: employment, government, private industry and family. Note that while previous average amounts in this chapter have tended to use the base of all students (or all students in a particular segment of the population), these averages are based on only those students receiving the particular type of support (as with previous chapters). In other words, these figures provide a solid understanding of the actual amounts received over the school year. It should be noted that income from government includes loans and bursaries, as does income from private sources (loans and other grants). Family income also includes loans and gifts from parents and other family members.

Note that the average annual income (per student receiving this support) is highest for government income, followed by employ-

ment earnings, private industry and then family. From the perspective of age, it is not surprising to see that average amounts increase steadily from the youngest to the oldest students in all income categories, with the exception of family (which, if only parental income was considered, would peak at 22–23 and then decline in the older age groups).

Considering the status of the student, employment earnings are much higher for those studying part-time, while all other forms of support are higher for those in school full-time (although support from family does not show as wide a gap as seen in the other sources of income).

Type of institution (i.e., college or university) has a bearing on the amounts coming in from employment and private sources (with

*Employment earnings are much higher for those studying part-time.*

**TABLE 18.1 — TOTAL INCOME FROM EMPLOYMENT, GOVERNMENT, PRIVATE INDUSTRY AND FAMILY FROM BASELINE AND ACROSS THE YEAR BY KEY STUDENT GROUPS**

	AVG. FROM EMPLOYMENT (EMPLOYED ONLY) (\$)	AVG. FROM GOVERNMENT (SUPPORTED ONLY) (\$)	AVG. FROM PRIVATE INDUSTRY (SUPPORTED ONLY) (\$)	AVG. FROM FAMILY (SUPPORTED ONLY) (\$)
<b>All students</b>	5,800	6,900	4,700	3,100
<b>Age</b>				
18–19	3,400	3,800	2,800	2,400
20–21	4,500	5,300	3,000	2,500
22–23	5,500	5,900	3,800	3,800
24–25	6,500	7,000	5,700	2,300
26 and above	8,500	9,600	6,600	4,200
<b>Status</b>				
Part-time	11,300	2,800	3,300	2,700
Full-time	5,100	7,000	4,800	3,200
<b>Type of School</b>				
College	4,900	6,900	3,000	3,000
University	6,200	6,900	5,300	3,300
<b>Employed During the Year</b>				
Yes	6,500	5,800	4,000	3,000
No	3,000	8,700	6,700	3,500



university students reporting higher amounts). The amounts are the same, however, across the two groups, for support from government and family.

The pattern for those who were employed coming into the school year suggests that about half of students' annual employment earnings come from the summer months and half from employment throughout the school year. The difference in support from government, as well as from private sources, is fairly wide between the working and non-working groups, with those who are not employed receiving the greater support. The difference is not as strong in terms of family income.

Based on living arrangement, only students living with spouses report considerably different (higher) earnings than other student groups. Since these students are notably older, this is perhaps not a surprising finding. Government assistance is lowest for those living with parents and highest for those living alone, and a similar amount for those sharing accommodations.

Regionally, employment earnings are significantly higher in Ontario and somewhat higher in Alberta, but similar everywhere else in the country. Government support is also high in Ontario and Alberta, but highest in British Columbia and lowest in Quebec (where education costs are lower). Income from private sources is highest in Ontario and Alberta and lowest in the Atlantic and British Columbia. Support from parents is also highest in Ontario and Alberta and lowest in the Prairies and the Atlantic.

It is not surprising to see that employment earnings and government support are considerably lower among students receiving support from parents. It is somewhat surprising, however, to see that students who are

being supported by their parents still feel the need to obtain support from private sources (in similarly high amounts). On the other hand, this may be quite reasonable given that there is only a \$900 gap in family support between those who receive support from parents specifically, and those who receive support from other family members.

As expected, those with considerably lower employment earnings are the ones receiving government assistance. The amount of support from private industry is again surprisingly similar between the two groups (i.e., receiving and not receiving government support). In fact, those receiving government support draw larger sums from private sources than those not benefiting from government support. The difference in support from family is also to be expected.

In terms of the student typology, the Working Mature report the highest employment earnings, while the Traditional Non-working report the lowest. The Working Mature draw the least support from any of the other three sources of income. Government support is highest for the Studying Mature, as is family support. Support from private sources is high, but not at the highest level. The Traditional Non-working draw the largest income from private industry, and the second highest amount of government support and third highest amount of family support. The Traditional Working earn the second lowest employment income and are middle of the road on the remaining three sources of income. The At Home Working earn the second largest amount of employment income, and yet they still draw middle level income from the other three sources (even though 70 per cent of them live at home with their parents).

**TABLE 18.2 — TOTAL INCOME FROM EMPLOYMENT, GOVERNMENT, PRIVATE INDUSTRY AND FAMILY FROM BASELINE AND ACROSS THE YEAR BY KEY STUDENT GROUPS**

	AVG. FROM EMPLOYMENT (EMPLOYED ONLY) (\$)	AVG. FROM GOVERNMENT (SUPPORTED ONLY) (\$)	AVG. FROM PRIVATE INDUSTRY (SUPPORTED ONLY) (\$)	AVG. FROM FAMILY (SUPPORTED ONLY) (\$)
<b>All students</b>	5,800	6,900	4,700	3,100
<b>Living Arrangement</b>				
Parents	5,300	4,300	3,400	2,400
Spouse	10,100	7,800	5,700	5,200
Alone	5,400	9,800	6,400	3,900
Roommate	4,800	7,800	5,500	3,700
<b>Region</b>				
BC	4,700	8,300	3,500	2,400
Alberta	5,700	7,600	5,100	3,000
Prairies	5,200	6,500	4,600	2,300
Ontario	6,800	7,400	5,100	4,100
Quebec	5,300	5,400	4,800	2,800
Atlantic	4,900	7,200	3,700	2,300
<b>Parental Assistance During the Year</b>				
Yes	4,900	6,200	4,500	3,300
No	7,900	8,100	5,000	2,400
<b>Government Assistance</b>				
Yes	4,400	6,900	5,000	2,300
No	6,600	—	4,400	3,600
<b>Typology</b>				
At Home Working	6,800	4,700	3,700	3,300
Working Mature	13,000	3,800	2,500	1,400
Studying Mature	5,000	10,200	4,700	5,500
Traditional Non-working	3,500	7,100	6,000	3,100
Traditional Working	4,300	6,800	4,600	2,300

The following table presents the total figure for annual income, including all sources, as well as the percentage of the income that is repayable (i.e., debt of some kind). This includes all income coming into the school year and monthly across the school year, but not previous years. It includes as debt not only government and private loans, but also loans from family. As shown earlier in the chapter (based on percentages of various sources of annual income) 21 per cent of students' income is repayable. As might be imagined, this figure increases with age from

12 per cent among the youngest students to 26 per cent among the oldest. There is virtually no difference based on type of school, however, there is a difference based on whether the student is attending part-time or full-time, with those attending full-time being obliged to repay more of their income (largely because they work less). This pattern also exists for students who are not employed. Based on living arrangement, students who live with parents are obliged to repay the least percentage of their income, while those living alone are in the worst position.

**TABLE 19.1 – TOTAL ANNUAL INCOME AND PERCENTAGE OF REPAYABLE ANNUAL – FOR KEY STUDENT GROUPS**

	<b>TOTAL ANNUAL INCOME (\$)</b> <b>(AMONG ALL STUDENTS)</b>	<b>AVG. REPAYABLE (%)</b> <b>(AMONG ALL STUDENTS)</b>
<b>All students</b>	12,200	21
<b>Age</b>		
18-19	7,900	12
20-21	9,100	13
22-23	11,800	24
24-25	13,200	24
26 and above	17,100	26
<b>Status in Program</b>		
Part-time	14,000	11
Full-time	11,900	22
<b>Type of School</b>		
College	10,100	22
University	13,200	21
<b>Employed</b>		
Yes	12,300	18
No	11,700	30
<b>Living Arrangements</b>		
Parents	9,400	15
Spouse	18,800	23
Alone	15,600	32
Roommate	13,300	29

Regionally, residents of the Atlantic have the greatest obligation to repay their income (having, on average, to repay 30 per cent). Quebec students are in the best position, having only to repay 17 per cent. There is only a slight difference based on whether students receive income from their parents (since students without parental support work more and those with support are in

some cases required to repay it). There is a very large difference based on whether students receive government assistance — those who receive assistance must repay more of their income (by 36 percentage points). Given other characteristics of the Studying Mature, it is also not surprising that this group is obliged to repay the largest portion of their income.

**TABLE 19.2 — TOTAL ANNUAL INCOME AND PERCENTAGE OF REPAYABLE ANNUAL — FOR KEY STUDENT GROUPS**

	<b>TOTAL ANNUAL INCOME (\$)</b> <b>(AMONG ALL STUDENTS)</b>	<b>AVG. REPAYABLE (%)</b> <b>(AMONG ALL STUDENTS)</b>
<b>All students</b>	12,200	22
<b>Region</b>		
BC	11,500	24
Alberta	14,100	23
Prairies	11,300	25
Ontario	13,600	21
Quebec	10,600	17
Atlantic	11,100	30
<b>Parental Support</b>		
Yes	11,400	20
No	13,900	23
<b>Government Assistance</b>		
Yes	14,200	43
No	10,800	7
<b>Typology</b>		
At Home Working	11,800	16
Working Mature	15,600	12
Studying Mature	15,900	36
Traditional Non-working	11,400	26
Traditional Working	10,200	21

The following table presents the percentage of students reporting current debt owing to government or private sources, as well as the total amount owing to each of these sources. The total amount owed (on average per student) takes into account not only funds that have been received in this academic year, but also amounts already owed at the start of the school year from previous years. Note that the total amount owing to government or private sources does not discount any debt payments made over the course of the school year. This is because students reported debt payment in a generic fashion and were not required to indicate which source of debt they were paying down. The last column presents the percentage of students who owe money to some source (including not only government and private industry, but also family and other sources). The average amount of debt considers funds from previous years as well as the academic year of the study, including all sources of debt. It also discounts the debt load by the total amount of payments that students reported making over the course of the year.<sup>6</sup>

In total, 44 per cent of students reported some form of government debt, and the total

debt incurred to date is \$12,900 on average. The percentage of students tapping private sources is smaller, at 30 per cent, and the current debt load is also lower, at \$8,400. Three in four students overall incur some kind of debt. Once the payments from that year are subtracted, the average amount owing per student is \$12,300.<sup>7</sup>

Naturally, younger students are less likely to have had the opportunity or the need to accumulate debt. Both the incidence of borrowing and amount of government debt increase considerably after age 21, with another significant hike in the amount after age 25. The same holds true of the amounts accumulated from private sources by age 22 and age 26 or older. Looking at the overall picture of debt, if a student is going to accumulate debt, they are likely to have done so by age 22 (78 per cent of students will have some debt by this point in time). There is only an eleven-percentage point increase, from 78 per cent of students borrowing by age 22 to 89 per cent borrowing by age 26 or older. The overall debt load shows the same large spikes at 22 and 26 years of age or older.

**TABLE 20.1 – GOVERNMENT STUDENT LOAN, PRIVATE LOAN AND TOTAL ACCUMULATED DEBT FROM PREVIOUS YEARS AND ACROSS THE SCHOOL YEAR – FOR KEY STUDENT GROUPS**

	GOVERNMENT LOANS		PRIVATE LOANS		TOTAL DEBT (MINUS PAYMENTS) <sup>7</sup>	
	PERCENTAGE WITH BALANCE	AVG. BALANCE (BORROWERS ONLY) (\$)	PERCENTAGE WITH BALANCE	AVG. BALANCE (BORROWERS ONLY) (\$)	PERCENTAGE WITH BALANCE	AVG. BALANCE (BORROWERS ONLY) (\$)
<b>All students</b>	44	12,900	30	8,400	74	12,300
<b>Age</b>						
18-19	21	4,800	12	4,700	42	4,600
20-21	26	7,400	24	4,000	59	4,600
22-23	46	11,100	28	7,200	78	11,500
24-25	57	12,800	35	7,500	88	12,200
26 and above	60	18,700	43	13,300	89	20,500

6. These calculations did not include the 182 students who reported paying back more debt in the past year than they reported owing to date.

7. Includes government and private debt, as well as debt to family and other sources, *minus* the reported debt payments that students made throughout the year. Figures will, in some cases look considerably smaller than the government and private sources of debt because in the first two, the base was borrowers of each type of debt. In the case of all debt, all borrowers (from any source) are included. Since some sources of debt, such as family, may be associated with relatively small amounts, the overall average debt per borrower could be much lower.

Part-time or full-time status in school is a good indicator of differences in debt. As might be anticipated, the incidence of government loans is much higher among full-time students (although not completely nonexistent for part-time students, who may have been attending full-time at some earlier point in their post-secondary education). The accumulated amounts, however, are only somewhat different. A smaller number of (currently) part-time students have therefore incurred quite high debt loads from government sources. The reverse pattern is evident with respect to private sources. Part-time students are far more likely to tap private industry for loans (possibly because they are not eligible for government loans). Again the gap in amounts of accumulated debt from private sources between the two groups is not

very large. Looking at total debt, the incidence of borrowing from any source is high in both groups, but the full-time students have accumulated one third more debt. This may be, at least in part, because they are less able to pay it down during the school year than are part-time students.

Based on type of school, the incidence of borrowing from all sources is similar, however, university students have accumulated an additional third of debt in government and private loans, as well as in total debt to date.

The incidence of loans and amounts of debt incurred by students who are employed during the school year and those who are not employed are remarkably similar. Only the overall amount of accumulated debt is higher for those not working during the year.

**TABLE 20.2 — GOVERNMENT STUDENT LOAN, PRIVATE LOAN AND TOTAL ACCUMULATED DEBT FROM PREVIOUS YEARS AND ACROSS THE SCHOOL YEAR — FOR KEY STUDENT GROUPS**

	GOVERNMENT LOANS		PRIVATE LOANS		TOTAL DEBT (MINUS PAYMENTS)	
	PERCENTAGE WITH BALANCE	AVG. BALANCE (BORROWERS ONLY) (\$)	PERCENTAGE WITH BALANCE	AVG. BALANCE (BORROWERS ONLY) (\$)	PERCENTAGE WITH BALANCE	AVG. BALANCE (BORROWERS ONLY) (\$)
<b>All students</b>	44	12,900	30	8,400	74	12,300
<b>Status in Program</b>						
Part-time	28	11,000	43	9,600	85	9,600
Full-time	46	13,000	28	8,200	73	12,600
<b>Type of School</b>						
College	42	10,200	28	6,600	71	10,000
University	46	13,900	30	9,300	75	13,400
<b>Employed</b>						
Yes	41	12,400	31	8,000	74	11,200
No	51	13,800	26	9,500	73	14,800

By living arrangement, students no longer living with their parents have tapped government sources with a very similar incidence. The amount of government debt accumulated to date, however, is higher for those living alone. Private loans are highest for students living with spouses, both in terms of the incidence of borrowing and accumulated amounts. The total debt load is lowest for those living with parents (not only because they draw less income from loans, but also because they pay back large amounts during the school year). It is highest for those living alone (in excess of \$20,000), however, students with spouses are not far behind. Note that the incidence of borrowing for all three groups living away from parents is the same.

Regionally, the highest incidence of government loans is found among students in the Atlantic; the lowest in the Prairies. (The rest of the country is very similar.) Accumulated amounts are highest in Ontario and the Atlantic, and lowest in Quebec, where students are least likely to be tapping private loans, though they do not have the lowest accumulated amounts (which can be found in the Atlantic). The highest amounts owed to private sources are reported by Ontario and Alberta students (both of which exceed the average amount of government loans owed

by students in Quebec). Borrowers in all regions owe in excess of \$10,000, on average, to all sources.

Students not receiving support from their parents are considerably more likely to have a government loan, however, the average amounts owed by borrowers are not vastly different from those not receiving support from parents. While the incidence of private loans is also similar (between the two groups), the amounts are very different. Those without parental support owe considerably more to private industry. Looking at the overall picture, those without the benefit of parental support owe 70 per cent more in accumulated debt than those who are being supported by parents.

It is interesting to note that even among students who reported no government loans during the year of the study, 17 per cent owe government sources for previous loans, and the average accumulated amount is quite high, at over \$10,000. Both the incidence and accumulated amounts of debt to private sources are very similar between the government assisted and non-government assisted groups. In terms of total debt load, those currently tapping government sources for support owe 50 per cent more than those who have not been receiving government support in the past year.

**TABLE 20.3 — GOVERNMENT STUDENT LOAN, PRIVATE LOAN AND TOTAL ACCUMULATED DEBT FROM PREVIOUS YEARS AND ACROSS THE SCHOOL YEAR — FOR KEY STUDENT GROUPS**

	GOVERNMENT LOANS		PRIVATE LOANS		TOTAL DEBT (MINUS PAYMENTS)	
	PERCENTAGE WITH BALANCE	AVG. BALANCE (BORROWERS ONLY) (\$)	PERCENTAGE WITH BALANCE	AVG. BALANCE (BORROWERS ONLY) (\$)	PERCENTAGE WITH BALANCE	AVG. BALANCE (BORROWERS ONLY) (\$)
<b>All students</b>	44	12,900	30	8,400	74	12,300
<b>Living Arrangements</b>						
Parents	29	8,200	25	5,700	63	6,800
Spouse	56	14,200	45	15,000	87	18,300
Alone	60	18,600	38	9,500	86	20,900
Roommate	62	14,200	29	7,800	87	13,400
<b>Region</b>						
BC	42	13,700	34	6,400	72	10,400
Alberta	44	13,800	30	9,700	78	11,900
Prairies	37	12,500	41	7,200	76	12,900
Ontario	44	15,200	30	9,900	76	14,400
Quebec	44	9,100	25	8,000	70	10,300
Atlantic	52	15,000	34	6,000	83	12,600
<b>Parental Support</b>						
Yes	39	12,300	27	7,200	70	9,900
No	55	13,800	37	10,200	83	16,800
<b>Government Assistance Current Year</b>						
Yes	87	13,500	32	8,200	100	15,100
No	17	10,800	28	8,600	58	9,000
<b>Government Assistance Any Year</b>						
Yes	44	12,900	35	9,100	100	16,700
No	0	0	26	7,700	47	6,700



There is a similar profile for those students who have ever tapped student loans (including the 17 per cent who have used them in previous years). One in three students with government loans also have private loans (averaging \$9,100) compared with a slightly lower incidence and private debt load for those without government assistance.

Based on the typology of students, the At Home Working are in the best position overall (although their current debt to government is not the lowest, it is nonetheless low), owing the lowest overall amount to any source. The Studying Mature are in (by far) the most precarious position with respect to debt load. They are more likely to owe to government and private industry and have accumulated larger amounts than any

other group of student. In total they carry a debt load well in excess of \$20,000 and they are in the worst position to pay the debt down during the school year. On the other hand, they are also the group most likely to be in the last stages of their education (and in a position to become employed and be able to start seriously addressing their debt load). The three youngest groups of students (possibly in earlier stages of their degrees) will likely accumulate considerably more debt before they have completed their post-secondary education. The Working Mature are in the best position financially, since they are also an older student group who are likely in the last stages of their degrees (and already working full-time in many instances).

**TABLE 20.4 — GOVERNMENT STUDENT LOAN, PRIVATE LOAN AND TOTAL ACCUMULATED DEBT FROM PREVIOUS YEARS AND ACROSS THE SCHOOL YEAR — FOR KEY STUDENT GROUPS**

	GOVERNMENT LOANS		PRIVATE LOANS		TOTAL DEBT (MINUS PAYMENTS)	
	PERCENTAGE WITH BALANCE	AVG. BALANCE (BORROWERS ONLY) (\$)	PERCENTAGE WITH BALANCE	AVG. BALANCE (BORROWERS ONLY) (\$)	PERCENTAGE WITH BALANCE	AVG. BALANCE (BORROWERS ONLY) (\$)
<b>All students</b>	44	12,900	30	8,400	74	12,300
<b>Typology</b>						
At Home Working	35	10,800	33	6,000	71	9,100
Working Mature	46	9,500	43	6,900	93	11,100
Studying Mature	66	18,900	44	14,300	89	22,300
Traditional Non-working	47	12,700	25	8,600	72	12,000
Traditional Working	42	13,300	20	9,200	66	12,200

The following table separates the debt load into previously incurred debt and debt from the study year. The average debt incurred for the study year (and therefore, presumably, for any single academic year), minus any debt payments made during the school year, is \$5,600 on average per student with debt (to all sources).<sup>8</sup> By age, the youngest students have had the least opportunity to accumulate debt from previous years, but also accumulate less in any given year. The average yearly amount of debt climbs to \$7,200 for the oldest students.

Looking at year of study, it is not surprising to see that students with more

academic years of study have also had greater opportunity to accumulate debt. What is surprising, however, is the small amount of increase in debt load from the previous study year. It is also surprising to see the average amount of debt with which first year students enter post-secondary education. Almost half (42 per cent) have incurred some type of debt, averaging \$8,900.

Part-time students come into the academic year with almost the same debt load as full-time students, however, they seem, at least at present, to be accumulating it very slowly, since the average amount of debt in any given year is less than half of what full-time students incur.

**TABLE 21.1 — AVERAGE ACCUMULATED DEBT (INCLUDING ALL SOURCES) FROM PREVIOUS YEARS, THIS YEAR AND OVERALL — FOR KEY STUDENT GROUPS**

	PREVIOUS YEARS		THIS YEAR (MINUS PAYMENTS)		OVERALL (MINUS PAYMENTS) <sup>9</sup>	
	PERCENTAGE WITH BALANCE	AVG. BALANCE (BORROWERS ONLY) (\$)	PERCENTAGE WITH BALANCE	AVG. BALANCE (BORROWERS ONLY) (\$)	PERCENTAGE WITH BALANCE	AVG. BALANCE (BORROWERS ONLY) (\$)
<b>All students</b>	55	11,400	62	5,600	74	12,300
<b>Age</b>						
18–19	22	2,500	36	3,900	42	4,600
20–21	36	4,400	47	3,900	59	4,600
22–23	58	8,700	69	5,700	78	11,500
24–25	67	10,400	74	6,200	88	12,200
26 and above	78	19,700	76	7,200	89	20,500
<b>Status in Program</b>						
Part-time	35	11,400	61	2,300	85	9,600
Full-time	53	11,900	62	5,800	73	12,60
<b>Type of School</b>						
College	57	12,200	61	5,500	71	10,000
University	48	9,800	62	5,800	75	13,400
<b>Employed</b>						
Yes	54	11,100	61	2,300	74	11,200
No	55	12,200	65	5,800	73	14,800

8. The average from previous years considering all students is \$6,200. The yearly average, for all students, is \$3,700 and the overall figure for all students is \$10,000.

9. Includes government and private debt, as well as debt to family and other sources, *minus* the reported debt payments that students made throughout the year. Figures will, in some cases look considerably smaller than the government and private sources of debt because in the first two, the base was borrowers of each type of debt. In the case of all debt, all borrowers (from any source) are included. Since some sources of debt, such as family, may be associated with relatively small amounts, the overall average debt per borrower could be much lower.

College students are more likely to have past debt and typically owe almost a third more than university students. On the other hand, they accumulate debt at a similar rate per year.

Employment does not make a difference in determining what proportion of students have incurred past debt, nor how much they owe. The employed do, however, accumulate debt at a considerably slower rate per year.

As with previous examinations of living arrangements, students who live with their parents show a pattern of limited debt, both from previous years and per year. Students who live with spouses carry more debt from previous years, but accumulate debt at a lower amount per year than those living alone.

Regionally, debt load from previous years is higher in Ontario and the Atlantic, but similar everywhere else. The pace at which students accumulate this debt each year is also greater in Ontario, Alberta and the Prairies.

Those receiving parental support carry lower debt loads from previous years and also accumulate debt more slowly from year to year. This is also the case students for receiving government assistance.

According to the typology of students, the At Home Working register the lowest previous debt and the second lowest yearly rate of accumulating debt. The Working Mature carry a higher debt load from previous years, but accumulate debt at the slowest rate of any group. The Studying Mature are in the worst situation on both fronts.

**TABLE 21.2 – AVERAGE ACCUMULATED DEBT (INCLUDING ALL SOURCES) FROM PREVIOUS YEARS, THIS YEAR AND OVERALL – FOR KEY STUDENT GROUPS**

	PREVIOUS YEARS		THIS YEAR (MINUS PAYMENTS)		OVERALL (MINUS PAYMENTS)	
	PERCENTAGE WITH BALANCE	AVG. BALANCE (BORROWERS ONLY) (\$)	PERCENTAGE WITH BALANCE	AVG. BALANCE (BORROWERS ONLY) (\$)	PERCENTAGE WITH BALANCE	AVG. BALANCE (BORROWERS ONLY) (\$)
<b>All Students</b>	55	11,400	62	5,600	74	12,300
<b>Living Arrangements</b>						
Parents	50	6,600	48	4,000	63	6,800
Spouse	74	19,300	72	6,100	87	18,300
Alone	67	17,000	80	8,100	86	20,900
Roommate	69	11,000	78	5,900	87	13,400
<b>Region</b>						
BC	51	10,200	65	5,000	72	10,400
Alberta	55	10,600	67	6,700	78	11,900
Prairies	50	10,200	64	6,500	76	12,900
Ontario	56	12,900	62	6,700	76	14,400
Quebec	53	10,300	58	4,100	70	10,300
Atlantic	62	12,200	71	5,600	83	12,600
<b>Parental Support</b>						
Yes	49	9,400	60	5,100	70	9,900
No	68	14,700	69	6,600	83	16,800
<b>Government Assistance</b>						
Yes	77	12,300	100	6,400	100	15,100
No	41	10,300	34	3,800	58	9,000
<b>Typology</b>						
At Home Working	51	8,900	60	4,600	71	9,100
Working Mature	72	10,900	57	3,600	93	11,100
Studying Mature	75	23,100	85	6,200	89	22,300
Traditional Non-working	52	9,800	62	6,100	72	12,000
Traditional Working	49	10,500	53	5,600	66	12,200

# CHAPTER 8 — SUMMARY OF FINDINGS

## Student Profile

The survey provides broad descriptive data on the socio-demographic profile and educational choices of students. Age is the single most important predictor, both of the kind of post-secondary education that students pursue, their academic performance and the myriad financial indicators examined in the study. The average age of students in the sample is 23. Age is also related to other student characteristics such as marital status, living arrangements and whether or not they have dependents. The vast majority of students are single and about half of students live with their parents. Both indicators are higher among younger students.

Parental education has an important influence on the decision to pursue post-secondary education, with students attending university being more likely to have university-educated parents. Our estimates suggest that fathers' education may be even more of a deciding factor than mothers' education. This becomes less and less important, however, as students age: older students are far less likely than younger students to report that their fathers or mothers have a post-secondary education.

Attendance at a private post-secondary institution is rare. Just over six in ten students attend university; the remainder study at public or private college institutions. The incidence of attendance at a college is highest in Quebec and British Columbia, and lowest in the Prairies and the Atlantic. Younger students are overrepresented among those attending college and among the Quebec student population (owing to the province's unique CEGEP system).

A vast majority of students attend school on a full-time basis. Older students are more likely to attend school on a part-time basis, as are employed students.

One in three students reported receiving As in their first semester and almost half obtained a B grade. There were some interesting differences in patterns of grades. Older students reported better grades, resulting in better grades among those living alone or with a spouse.

A categorization or typology of students was developed on the basis of a select number of characteristics. This grouping of five segments of the population was largely driven by age and employment, along with a few other indicators. This typology of two older and three younger segments of students was very useful in creating a financial picture of different types of "average students."

## Assets

The study examined students' assets in order to understand their financial expenditures and belongings. In particular, incidence of ownership and estimated values of cars, computers and various electronics were explored, with some surprising results. The first is that 41 per cent of students reported owning a vehicle. This ranges from one in three younger age students to more than half of students over 25, and is also associated with employment. The rates of car ownership are higher in British Columbia and Alberta and lowest in Ontario, perhaps owing to traveling

*Age is the single most important predictor, both of the kind of post-secondary education that students pursue, their academic performance and the myriad financial indicators examined in the study.*

distances and the availability of public transit. Only half of car owners reported purchasing their car for school, although there is also a large influence on the basis of the car owner's age and living arrangements. Fully three in four car owners purchased or leased the vehicles themselves (again with a large difference based on age). It was also surprising to see how new these cars are, with a reported average age of two years.<sup>1</sup> The average value was reported to be roughly \$5,000. In the last chapter we also saw that students with cars pay, on average, \$100 or more in transportation expenses per month more than students without cars. So car ownership adds another \$800 or so in financial burden during the school year, in addition to preventing the student from saving \$400 or so in earnings throughout the summer. On the other hand, students with cars tend to be in the black from month to month and they report lower accumulated amounts of government loans. It is their employment earnings that afford them the financial luxury of a car (not loans and accumulated debt). Although beyond the scope of this study, it is possible that owning vehicles is actually facilitating their ability to work, thereby explaining the relationship to employment earnings.

With respect to computers, it is also surprising to see that nearly all students (93 per cent) have access to a computer in their residence. If they live with their parents, they are more likely to use the household computer than one that they personally own, however, almost two in three students with access to a computer reported that it belongs to them. In spite of this, usage of school computers is very high. More than one in four students use them almost daily and only one in four use them rarely or not at all. In fact, of full-time students, 42 per cent use the school computers almost every day. From the perspective of financial need, three in four

students who own computers reported that they purchased them specifically for school and two in three said purchasing them themselves (as opposed to being given the computer as a gift — that is, two in three of the 60 per cent of students who own a computer bought it themselves). This translates into one out of every three students who have paid for their own computer and one in six who have had someone else buy them one, at an average cost of \$1,800.

Most students own at least one or two basic electronics, with stereos and televisions at the top of the list, followed by VCR or DVD players. Slightly fewer own a portable stereo or cell phone. Nonetheless, more than one in three students own one of these. Older students are more likely to own these items and tend to collect more of them, with the exception of cell phones and game players, which are typically owned by younger students. The average value of these items is relatively low (i.e., \$500 overall, or \$150–\$200 per item). The more established the student is (e.g., older, lives alone or with spouse, has dependents, etc.), the higher the reported value of these items (which perhaps have been owned for a number of years, pre-dating any academic study). Men tend to report slightly higher values (overall and per item) than women do. The total value of all other assets owned by students (removing the large outliers for things like houses) is \$2,000 to \$4,000 on average, which is also quite low. This average value of all assets increases with the age of the student.

## Employment

The survey considered both students' 2001 summer employment and employment during the school year. The vast majority of students (almost nine in ten) had some summer employment earnings. Average summer employment earnings (for students who

1. On the other hand, there may be a problem with the data on this question, given the low values that were reported for these vehicles. People may have interpreted the question incorrectly and reported the number of years that they personally have owned the vehicle.

worked) totalled \$4,000. These earnings rose with the student's age, and were highest among residents of Alberta and lowest for students in Quebec and the Atlantic.

Roughly two-thirds of students worked during the school year (56 per cent at the start, rising to 63 per cent by the end of the school year). These students worked, on average, 19 hours each week (as measured by reported actual first term employment). Most (71 per cent) worked 20 hours or less. Part-time students and those with higher levels of debt and/or other financial commitments such as credit cards or cars, were more likely to be working. Employment earnings were also more likely for students who lacked resources from other sources such as parental support or government loans or assistance. The average annual income from employment is almost \$6,000, ranging from as low as \$3,000 for some to \$13,000 for others.

Employment is one of the most distinguishing characteristics of students in the sample. The typology describes a young group of students, who typically live with their parents, and work about half-time, while attending school largely full-time. There is an older group of students who typically work almost full-time, even though half also attend school full-time. One other group of young students exists, one that typically works 12–15 hours a week. The remaining two groups (one younger and one older) are far less likely to work at all during the school year.

Neither the amount of hours worked nor the fact that students were working at all appear to have impacted on school performance (using academic grades as a yardstick).<sup>2</sup> Employment, particularly when students are working 10 hours or more per week, does have an impact on timely completion of a degree or diploma. As students work more

hours, their likelihood of attending a post-secondary institution on a part-time basis increases. Similarly, students who work more hours were more likely to indicate that they could complete their education more quickly if they did not need to work.

On the other hand, employment earnings had a positive impact on students' financial circumstances. For older students in particular, employment earnings (of over \$500 each week) were associated with a reduced reliance on government loans and, therefore, on the amount of overall debt incurred during the school year.

### Family Support

The survey data show that support from parents and other family members for post-secondary education can be significant, particularly for younger students. The vast majority of students (80 per cent), receive some type of support from their families, particularly those under 22, with few expectations of repayment. Those receiving financial assistance are also likely to be receiving other forms of support such as living in the family home and gifts of cars or computers. Almost half of students receiving support from family, however, indicated an expectation that some of this money would be repaid at some point in the future.

The monthly income from family can be as low as \$175 a month and as high as \$550 a month. While this support is largely flat over the year, there are spikes in September and December. Considering the entire pool of students, the overall proportion of income represented by support from family over the year is about 16 per cent, and the proportion is significantly higher when considering only those students who receive support (where family support can represent half or more of their income).

2. Recognizing that this is a very crude measure that does not take into account the myriad other variables in students' ability to work during the school year, including their living arrangements and home situations, as well as the type of degree in which they are enrolled, type of program or year of study, all of which would likely have an impact on ability to work and study at the same time, without an impact on grades.

This support tends to be associated with a corresponding reduced reliance on government assistance and a lower likelihood of working substantial hours during the school year. It is impossible to suggest the nature of this relationship, however, based on the existing data (i.e., families may be compensating for lack of income from other sources, or students who are supported by families may feel a reduced need to work or apply for government loans). Parental support does not appear to have an impact, however, on academic performance from the analysis conducted.

Currently, a criterion for eligibility for Canadian student assistance programs assumes a situation of lesser need among students under 22 due to presumed access to parental support. Indeed, the findings show that younger students are more likely to receive support from their family. Yet, these data also reveal a more complex picture where a portion of students in the younger age group do *not* receive parental support, or if they do, the support is minimal in relation to the expense of a post-secondary education. On the other hand, there is a portion of students 22 years or older who *do* receive support from family members, suggesting a situation of a more gradual withdrawal of parental or family assistance over time among post-secondary students. In particular, there is evidence of a period, typically experienced by 20 and 21 year old students, where family support drops (compared to younger students) and yet government assistance is not yet widely accessible. This is discussed in more detail in the section on financial patterns.

### **Other Resources**

Many students entered the 2001 school year with pre-existing debt from government (one in three) or private sources (one in five). Considering all possible sources of debt together, more than half of all students carry some form of debt balance into the school

year, and the average amount of all debt is over \$11,000. Students' accumulated debt is most often owed to one or two different sources. While a small minority of students have a mortgage, this is highly related to age. Expectedly, all these figures are higher for older students and for students who are in the latter years of their program of study. Two segments — the Working Mature and Studying Mature also have greater levels of debt. On the other hand, living with parents mitigates the accumulation of debt.

During the course of the school year, government loan assistance is the most common form of debt accessed by students (by about one-third). The average amount borrowed is \$586 per month and higher among older students who are more likely to meet the eligibility criteria. The Studying Mature and Traditional Non-working segments are most likely to be borrowers. Certainly, however, government student loans are not the only form of debt available to students. Between 15 and 20 per cent of students also incur debt from private or personal sources (higher among older students). Those who access private sources of funding during the school year borrow as much as is provided by government loan programs (\$601). Interestingly, students with government loans are neither more nor less likely to access private loans than other students.

Government non-repayable sources of support (i.e., grants, bursaries and scholarships) are less available to students than repayable loans (about one in five receive this form of support) and also offer fewer funds (\$369 on average per month). On the other hand, these funds do seem to be funnelled toward students who are in financial need; those most reliant on student debt programs to finance their post-secondary education.

About four in ten students avoid accumulating any debt during the school year (more likely among younger students and those living with their parents).



The majority of students (two-thirds) have at least one credit card (higher among older students), though credit card debt is not a primary means by which students meet their financial needs. The credit card balance for students who had a credit card both at the beginning and end of the school year remained virtually unchanged, at about \$800.

Student debt does not appear to bear any relationship to academic performance (as measured by grades). Unfortunately, the data available from the survey could not support an analysis of the extent to which high levels of student debt or financial pressure might affect students' (dis)continuation of school.

### Financial Patterns

The first notable result of the temporal look at income and expenditures is that students begin the school year with a surplus of roughly \$1,600, taking into account income obtained and expenditures incurred in advance of the school year, but not accumulated debt. This is essentially the amount of their savings from their summer employment earnings. Students can draw on this surplus from month to month when their expenditures exceed their income during the year. For the most part, income comes largely in equal amounts from month to month. There is, however, a spike in family support in December and two spikes in income from government, in the early months of the school year and again in January. Education is the expenditure with the biggest lump sum requirements at the start of each semester. Students' employment income and living expenses are largely stable over time.

Students, as a group, operate in the red from month to month, in the amount of \$56, on average, each month. Over eight months,

taking into account the almost \$1,600 initial surplus, students come out in the black at the end of the year.<sup>3</sup> The leanest months are September, November and January. In October, December and April, students typically have a little more room in their budgets. The average level of income and expenditure for all students is in the range of \$1,200 a month. This runs from a low of \$650 per month for some segments to as high as \$2,000 per month for others.

Looking at the percentage of income or support from the various sources, support from government and family are virtually tied, representing 18 and 16 per cent, respectively, of students' income. Support from private sources is not far behind at seven to 12 per cent (depending on whether or not "other grants" are attributed to private sources).<sup>4</sup>

On an annual basis, across all students, education expenses exceed all other expenditures. In fact, education costs are as high as accommodation and food combined (though this is based on averages across all students, even those who live with their parents — who do not report accommodation expenses, for example). Looking at an average month (rather than a cumulative total for the entire year) accommodation expenses are the single largest source of expenditure, and income from private sources runs even higher, at 13 per cent of overall income.

The monthly financial picture for different student segments shows some interesting patterns. For example, in terms of age, it would appear that the 20 to 21 year old students are caught in particularly tight financial constraints, operating most deeply in the red. It would seem to be an age when there is less reliance on parental support, but students are not yet fully eligible for

3. The terms "in the black" and "in the red" refer simply to the monthly surplus or deficit situation represented by the amount of income minus the expenditures. Recall that about 22 per cent of reported income is repayable, so the term "in the black" should be interpreted with caution. This is also the case with the term "in the red," given that the overall student sample started the school year with a surplus of roughly \$1,600 from which to draw on in deficit situations.

4. This is, presumably, where education institution grants are reported.

government loans. (Oddly, both parental and governmental support increase for 22-23 year olds.) At the same time, this group experiences higher expenditures. The single biggest factor responsible for the overall increased financial expenditures of 20 to 21 year old students is education costs, which jump from \$135 per month for 18 to 19 year olds to \$212 per month for the 20 to 21 year age group.

The youngest students (many of them living with parents) have the lowest expenditures. Because limited income is not as large a concern as for other students, they still manage to come out in the black. Students 22 and over begin to experience increasing expenditures, but they seem to be able to tap more deeply into income sources than the 20 to 21 year old age group and also command better employment wages.

Financial difficulties are also evident among students living with roommates, rather than living with parents, a spouse or alone. This group reports slightly higher support from government and private sources and a very slight increase in support from family, but they also report lower employment earnings and considerably higher living expenses than students living with their parents.<sup>5</sup>

There are other interesting elements of students' financial situations. For example, the amount of monthly support from government is similar for college and university students, even though the educational expenses for university are roughly double that of college. In addition, both college and university students operate in the red from month to month.

Looking at students with and without certain types of income also shows some interesting findings. For example, even though students not employed during the school year draw almost double the income from government and private sources as those who are employed, it is still not enough to cover the loss of earnings, as they operate

quite deeply in the red each month. So, not only are they accruing debt at a quick pace, they are also experiencing fairly severe financial pressure throughout the school year as well.<sup>6</sup> Also of note, students who are supported by their parents during the school year are as likely to operate at a deficit from month to month as those students not supported by parents, however, they accumulate less debt. Support from government, however, does make a difference in terms of whether students experience financial pressure from month to month. Those being supported operate in the black, while those who are not are in the red. Students with government support nonetheless also draw higher concentrations of income from private sources than those without government support. So students who tap into private loans as well as government loans are doing so, presumably, because they have drawn the maximum possible in government income, but it is insufficient. Those tapping only private loans use this source for lower amounts (not necessarily for the maximum available income).

Regionally, students living in the Prairies, Alberta and British Columbia are in the greatest financial need (operating most deeply in the red per month). Students in the Prairies, Quebec and the Atlantic are able to operate at the lowest levels of expenditure (hovering around \$1,000 to \$1,100 per month), while residents of Alberta and Ontario require \$1,400 per month. Alberta students draw the greatest income per month from government and private sources (close to \$500 per month). British Columbia students draw the highest income from government alone per month, even though they also operate with the largest monthly deficit. High transportation costs and debt payments, compared to those of other students across the country, drive their expenses to \$143 more than their monthly income.

5. Obviously, it is recognized that living with parents is not an option for those students attending school in another city. It simply needs to be recognized that the choice to attend a school away from home comes with large financial consequences.

6. Again, recall that the surplus from the baseline is not accounted for in the monthly financial scenario.

Women are in a more precarious position financially than men. They operate in the red, in spite of higher income from both family and government sources. Reasons for this include lower employment earnings, and the fact that the average age of women in post-secondary education is slightly older, which increases their expenditures (e.g., for food and accommodation).

The overall pattern of income levels across the year confirms some of the findings noted in monthly patterns. Older students and those in later years of post-secondary education draw more per year from government than younger students and those in the early years of their education. Both college and university students receive similar amounts in government assistance. Employment earnings, family support and income from private sources are all highest in Ontario (along with Alberta for income from private sources). Government assistance is highest in British Columbia. Those receiving parental assistance draw almost as much from private sources as those who do not receive support from parents. Similarly, students receiving government assistance draw only somewhat less in income from private sources than those not obtaining support from the government. In terms of the student typology, the Traditional Non-working rely most heavily on private loans, even though they receive the second highest level of support per month from government (after the Studying Mature).

Accumulated debt shows an interesting picture of student segments. Fully three in four students incur some type of debt, either from previous years or the current one, from government, private or other sources. The average total debt load, across all students in all years of study is roughly \$12,000. Almost half of students (44 per cent) owe some money to government sources, with an average balance of \$13,000, but debts can climb as high as \$17,000 to \$19,000 in government loans alone. Almost one in three students owe money to private sources, with an average balance of just over \$8,000.

Balances can climb almost as high as those from government (up to \$14,000) and there is a very large spike after age 25 or the fourth year of study. Echoing earlier results from monthly patterns, there is surprisingly little difference in debt levels for students attending school full- or part-time, at college or university. Even employment is not as large a factor as might be imagined. In each of these cases, the debt level for the one segment (i.e., full-time studies, university or employed) is one-third higher than that accrued by their counterparts. There are fundamental differences in the sources of students' income, depending on their living arrangements. Those living alone receive the highest amount of support from government (relative to those who are living with someone else). Students living with a spouse, however, seem to experience the same financial need, but have access to lower levels of government assistance. Therefore, they tap the needed income from private sources. Overall debt levels climb as high as \$22,000 among the Studying Mature.

Breaking these accumulated debt levels down into debt accrued from previous years and that of the current year provides some indication of the rate at which students accumulate debt. In the year of study, and presumably any given year of education, almost two in three students incur debt from some source, with an average of \$5,600 per year. This can be as little as \$2,300 for students studying part-time or who are employed during the year, or both, and as high as \$7,200 to \$7,500 per year for students over 25 and those in their final years of multiple degrees. Students who live alone have the highest yearly debt level, at \$8,100. It is interesting to note that although the Studying Mature typically have the highest overall debt to carry (\$23,000 on average), they only incur debt at a rate of \$6,200 per year, however, they typically have quite a high number of post-secondary years under their belts from which to accumulate debt.

## Key Themes

### *The impact of age*

The study results show a consistent and highly significant impact of the age of the student on virtually all financial and related indicators examined in the survey. As students age, their family circumstances and lifestyles change. These changes affect their financial circumstances. While older students have greater financial burdens, their access to financial resources also shifts. Older students, at the same time, are more often employed at higher wages and may have assistance from spouses to meet expenses. This, however, also translates into increased debt load.

### *No single source of income/ support is sufficient to meet post-secondary financing needs*

Rarely are students in a situation where they are able to rely on a single source of income or support to finance their post-secondary education. Though government student loans are a key source of support for students, they are not sufficient for students to pay education costs and meet monthly living expenses. Students supplement their government loan using a variety of other means. Sources of income and support represent a mixture of repayable (debt) and non-repayable types of financing (at a ratio of about one to four).

### *Students are able to operate in the black over the academic year*

As a result of students' use of multiple sources of income and support (e.g., from employment, debt instruments and family), they are typically able to meet their monthly needs (though this study focuses on existing students, not those who may want to attend post-secondary education but have difficulty arranging financing). Students, for the most part, are able to operate in the black with assistance from prior savings. Moreover, while most students describe a relatively meagre

existence, compared with many other segments of the Canadian public, they nonetheless cite ownership of vehicles, computers and various electronics equipment with relative frequency.

### *Summer employment earnings are important to school year solvency*

The findings highlight the critical nature of students' access to summer employment and sufficient earnings to accumulate a reserve for the school year. These funds prove to be crucial in covering what is for most students a small monthly deficit in income versus their expenditures.

### *Living costs and expenditures*

These data show that students' average monthly living expenses, including education costs, are about \$1,200. This is likely 20 per cent higher than the current assumptions that are integral to decisions around scholarships and student loans. Students are running an average monthly deficit of \$56, which presumably is made up from the \$1,600 savings from summer employment going into the school year.

### *Income and expenditure timelines do not always match up*

While some student income flows in a stable manner across the school year, others, such as government loans and (to a lesser degree) family support, are somewhat more erratic. The same is also true of expenditures. Education costs in particular (the largest of all annual expenditure categories) come due in one or two large payments that strain students' monthly budgets in September and January. November also appears to be a lean month for students. The burden placed on students in these months may have implications for quicker payout of government assistance or, possibly, even for a more even payment schedule for education costs.

### ***Debt Accumulation***

While students' financing through savings, income and support is mostly enough to cover their education expenses and living costs, a portion of students' "income" is, in fact, repayable. Three-quarters of students incur debt during the school year. For every \$1 of income students take in, \$0.21 is repayable. The average accumulation of debt is \$5,600 each year and can rise as high as \$20,000 for some students in overall debt. The average level of debt to government loans is almost \$13,000.<sup>7</sup> While much of students' debt is owed to government sources with generous repayment terms, students nevertheless owe about \$8,000 on average to private sources. Higher interest debt, such as credit cards, is not used in any significant way by most students during the school year (though students do, on average, carry \$800 in charges).

Debt to private sources, however, often co-exists with debt to government sources. This is more often the case with older students, those in the latter years of their program and those living with a spouse or roommate. Government loan amounts for these latter groups seem to be lower than for students living alone. In all of these cases, the use of co-existing private loans demonstrates that government loan amounts appear to be insufficient. Another group of students accesses private sources, presumably because government loans are not currently responsive to their needs. These students are typically older, with high levels of employment income and an increased likelihood of studying part-time.

Amounts of private debt also increase by large amounts for the oldest students and those in the last years of their degree. While this is better than if they were to incur this

much debt from private sources earlier in their education, it nonetheless brings the total debt load up from \$13,000 to \$15,000 for some students.

Amounts of government loans do not always seem to be in sync with the educational costs incurred by students. For example, college and university students seem to have access to similar loan amounts, despite of the fact that university education costs are clearly higher. This is particularly true as university students advance in their education, entering professional schools or post-graduate studies.

### ***Factors which minimize debt load***

There are several factors which account for a reduced occurrence of debt, as well as a reduced debt load. While they may seem obvious, it bears stating anyway. The largest mitigating factor is living with parents. Students who live with parents are considerably less likely to have to incur debt at all, and when they do it is to a far reduced debt load, compared with students in other living arrangements.<sup>8</sup> The second factor is parental support, which also has some impact on the frequency of debt and the debt levels, but to a smaller degree than living at home. Finally, while employment during the school year has little impact on the frequency of debt, it does have an impact on the overall debt load accumulated.

### ***Where family and government support fail to meet needs***

The definition and understanding of financial need is difficult. Considering financial need in terms of experiencing constraints on a month-to-month basis, need is a particular issue for the 20- to 21-year-old age group. This group

7. Note that this figure is lower than commonly cited figures on average student debt because it includes debt of all students at various stages in their education. Note that the average for students in year five or more of their post-secondary education is roughly \$20,000.

8. Obviously, it is recognized that living with parents is not an option for those students attending school in another city. It simply needs to be recognized that the choice to attend a school away from home comes with large financial consequences.

experiences less support from parents or other family members than younger students, yet is not eligible for the kinds of public and private debt-based financing that older students have access to, nor do they typically command the same level of employment wages as older students. This situation is exacerbated when students move from the family home to live on their own, where their expenses are significantly increased. Perhaps more importantly, education costs also increase with the age of the student. This scenario is also reflected to some degree in the financial circumstances of students living with roommates (rather than with parents, alone or with a spouse).

#### *Ownership of cars and computers*

Students were referred to earlier as having assets such as cars and computers with relative frequency. One of perhaps the most surprising numbers captured by the survey is that 41 per cent of students own vehicles. Nonetheless, it should be pointed out that these students support their vehicles through employment earnings, not loans (or accrued debt) and that they are less likely to be running a monthly deficit than students without cars (i.e., they are in a better position financially to own these vehicles than

other students). In fact, owning vehicles may be a pre-condition of being employed, for some students.

Also, in spite of the high level of ownership of computers, school facilities are reported to be used with a very high degree of frequency, underscoring the need for adequate computer facilities in post-secondary institutions. This does not, however, seem to mitigate the need for students to have to purchase \$1,800 PCs — an added component to the already high educational costs incurred by most students.

#### *No relationship between financing and academic performance*

The ways and means that students finance their post-secondary education do not appear to have a discernable impact on academic performance (as measured by students' grades in the current study). Methods of financing can, however, affect speed of completion on one's degree or diploma. In particular, heavy reliance on employment earnings reduces students' course-load, extending the duration of their studies. Students who work more than 10 hours per week are more likely to agree that they would complete their studies sooner if they did not have to work.