

## Business Indicators ♦ July 2004

### Meeting the Costs: Post-Secondary Student Funding and Debt

The BC College and Institute Student Outcomes Survey regularly asks former college, university college, and institute students how they paid for their education (tuition, books, food, and lodging) and what amounts they borrowed from government student loan programs or other sources. Using data from the 2003 survey, this article looks for answers to the questions: What are students' sources of financial support? How many students borrow to support their studies? What groups of students are more likely to borrow, and how much debt do they incur?

#### About the Survey

The data for this article are from the BC College and Institute Student Outcomes Survey, which is an annual province-wide survey of former students from all 22 of BC's public colleges, university colleges, and institutes. It is conducted with funding from the Ministry of Advanced Education and from the institutions themselves. For more information on BC student outcomes, please see

<http://outcomes.bcstats.gov.bc.ca/>.

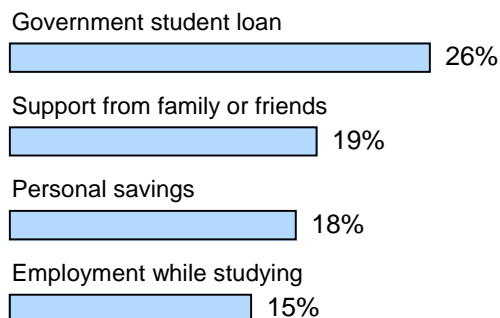
In the spring of 2003, over 17,200 former students were surveyed by telephone, 9 to 20 months after they completed (or nearly completed) their studies. A 50-percent random sample of respondents (n=8,675) was selected for a series of questions related to student funding and debt. For more information on the subject of student finances see

[http://outcomes.bcstats.gov.bc.ca/Publications/collegereports/issue\\_Finances.pdf](http://outcomes.bcstats.gov.bc.ca/Publications/collegereports/issue_Finances.pdf)

#### *What were former students' sources of financial support?*

Government student loans and non-repayable financial support from family or friends were cited most often as primary sources of funding for post-secondary studies.

#### **Government student loans were a top source of financial support**



*Source: 2003 BC College and Institute Student Outcomes Survey*

The top four sources listed accounted for more than 78 percent of the responses. There were over a dozen other primary sources mentioned by respondents, including employment insurance, employment during breaks, employer funding, and scholarships and bursaries.

Female respondents were somewhat more likely than male respondents to say that their most important source of financial support came from government student loans. In 2003, 29 percent of females named this as their first source, compared with 24 percent of males.

Younger respondents were significantly more likely than older respondents to report that their primary source of funding came from family or friends: 25 percent of those under 30 said support from this source was most important, versus only 9 percent of those 30 and older.

Former students were also asked to give their second most important source of financial support while studying. The most often cited secondary sources were employment while studying, personal savings, and non-repayable support from family or friends—in that order.

Respondents whose primary funding came from government student loans were most likely to say that employment while studying was their second source (32 percent); only 12 percent reported government grants as a secondary source.

#### Employment was an important secondary source of financial support

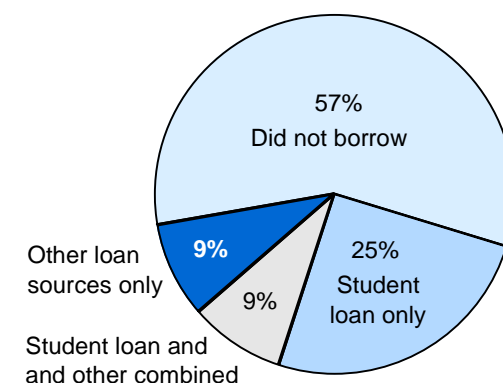
<b>If primary source was:</b>	<b>The most commonly cited secondary sources were:</b>	<b>%</b>
Government student loan	Employment while studying	32%
	Support from family or friends	15%
	Personal savings	15%
	Government grants	12%
Support from family or friends	Employment while studying	30%
	Personal savings	28%
	Government student loan	12%
	Employment during breaks	11%
Personal savings	Support from family or friends	25%
	Employment while studying	18%
	Government student loan	16%
	Scholarship or bursary	13%

Source: 2003 BC College and Institute Student Outcomes Survey

#### How many former students borrowed to finance their education?

Of the former students asked, 43 percent said they had borrowed to finance their post-secondary studies. Most had used the government student loan program, although many borrowed from other sources; those who had both government student loans *and* non-governmental loans made up 9 percent of respondents.

#### The majority of former students did not borrow



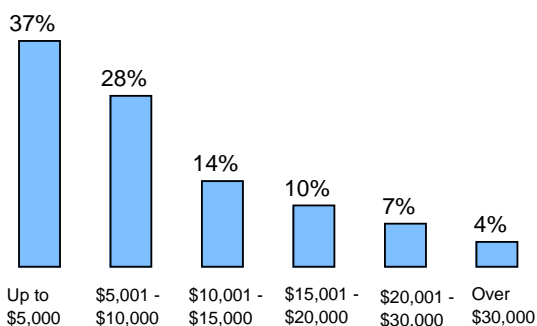
Source: 2003 BC College and Institute Student Outcomes Survey

#### How much did former students borrow?

Former students were asked to report any amounts they borrowed for the program of study they just completed—previous debt was not included. The loan amounts shown in the following text and charts are averages of the amounts reported by those who borrowed, **not averages for all respondents**. Unless otherwise indicated, the amounts are medians, rounded to the nearest \$10.

The median loan amount for former students surveyed in 2003 who borrowed from any source to support their studies was \$8,000 (the mean amount was \$10,470).

### More than one-third of respondents who borrowed owed more than \$10,000

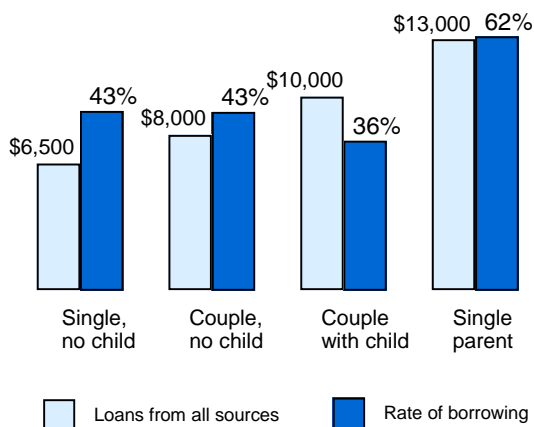


Source: 2003 BC College and Institute Student Outcomes Survey

### What groups of students borrowed more?

Former students who had children reported higher loan amounts—single parents especially. Although their level of loans from non-governmental sources was not different than that of other respondents, single parents relied heavily on government student loans. Their overall rate of borrowing was much higher than that of others.

### The rate of borrowing for single parents was higher; they also borrowed more

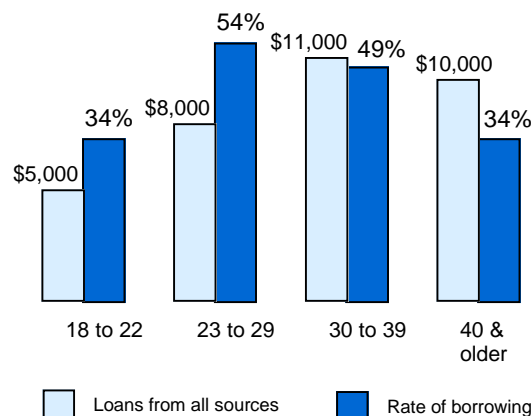


Source: 2003 BC College and Institute Student Outcomes Survey

Older respondents were not necessarily more likely to borrow, but those who did,

had higher loan amounts. Respondents 40 and older borrowed at the same rate as those 18 to 20 (34 percent).

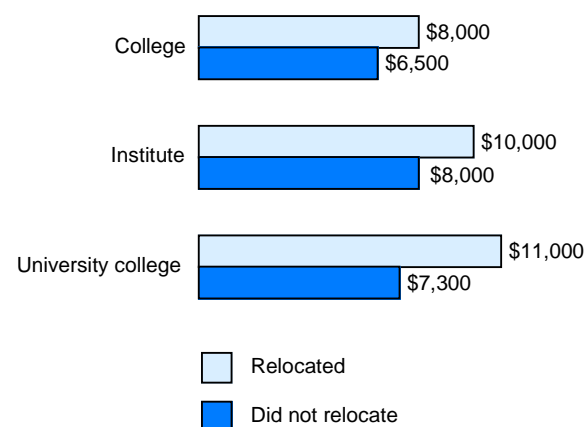
### Older respondents who borrowed tended to borrow more



Source: 2003 BC College and Institute Student Outcomes Survey

Respondents who had relocated to study were more likely to borrow, and they reported higher loan amounts. Those who attended institutes or university colleges borrowed more, on average, than former college students, and those who relocated to attend institutes or university colleges had the highest average loans of all.

### Those who relocated to study borrowed more



Source: 2003 BC College and Institute Student Outcomes Survey

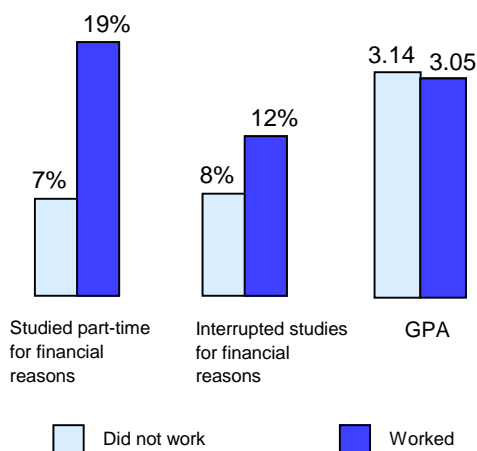
Not surprisingly, former students who took longer programs had higher loan levels. The median amounts ranged from \$4,000 for 3- to 6-month programs, through \$10,000 for 13- to 36-month programs, to \$15,200 for third and fourth-year programs.

### *What are the impacts of working while studying?*

Over half (59 percent) of the respondents were employed during their last semester of studies. These former students were less likely than others to have had loans: 39 versus 48 percent. They had a median combined loan amount of \$7,000, compared with \$8,650 for those who did not work. Further, respondents who worked 20 hours or more per week had a median loan of \$5,000, compared with \$8,000 for those who worked less than 20 hours.

However, there was a down side for those who worked while studying. Compared with respondents who did not work, a higher percentage of employed respondents interrupted their studies. They were also significantly more likely to have said they studied part-time for financial reasons.

#### **Working while studying may have a detrimental effect**



Source: 2003 BC College and Institute Student Outcomes Survey

The potential for employment to interfere with academic performance is even more concerning. Respondents who worked while they studied had lower grade point averages (GPAs) than their non-working counterparts.

### *Conclusion*

Families shoulder a lot of the responsibility for the costs of post-secondary education; especially for younger students. Students also use personal savings to pay for their studies, and many are employed while they study. Less than half of the former students surveyed in 2003 borrowed money for their studies, and half of those respondents borrowed less than \$8,000. On the other hand, some students, particularly those who are single parents or those who relocated to study, rely heavily on borrowed funds. The government student loan program is the major source of funding for students who borrow.

Employment while studying has a mitigating effect on debt; however, work during study could have a detrimental influence on the time needed to complete a program and on academic achievement.

The high costs associated with post-secondary education may be discouraging some prospective students, but exploring that impact is outside the scope of the BC College and Institute Student Outcomes Survey. The survey collects financial information from former students as part of an ongoing commitment to accumulate data for comparisons and to answer questions related to the affordability of post-secondary education in BC.