4 Paying for Post-Secondary Education

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Chapter 4

I. Introduction

It is often remarked that post-secondary education has become more expensive in recent years. To understand more concretely what this means for Canadian families, however, we need to examine the issue more closely.

- First, we need to determine what is driving the changes in cost. Most discussions of post-secondary education costs focus on tuition. While this is important, tuition policy varies significantly by province, making generalizations difficult. In addition, room and board typically cost students almost as much, so these must be taken into account as well.
- Second, we need to explore whether higher education has become more expensive relative to other things. Over time, the cost of most things rises—that is the nature of inflation. But if the cost of going to college or university is rising at a faster pace than inflation, then higher education will put greater pressure on family budgets.
- Third, we need to ask whether costs are rising at a faster rate than are the financial resources students and their families have at their disposal. If they are, then post-secondary education can legitimately be said to have become less affordable.

In this chapter, we will examine how the cost of a post-secondary education has been changing throughout this decade. We will look at how the prices of the major items that students need to pay for have been changing—including tuition, food and housing, books and materials, and transportation, which together account for almost 80 percent of student expenses—and how these changes compare to the inflation rate. Then we will examine the question of whether changes in student resources have kept pace with the changes in their expenses.

This review of costs and resources will show that costs have been rising and that, in many cases, they have been rising faster than inflation. As important as this general rise in costs, however, is the fact that certain costs often undergo sudden, significant increases, making financial planning more difficult for students and their families. Such unpredictable cost increases are not limited to changes in tuition.

In addition, for some types of student—particularly those from lower-income backgrounds or those who rely on need-based student financial aid—the availability of resources has not increased to the same extent as costs. One important resource, income from student employment, has increased; however, this is not a result of rising wages but rather of the fact that students are working more hours. While this helps students make ends meet, it may adversely affect their academic success.

Taken together, the evidence suggests that the financial pressures on those students most likely to be concerned about their ability to pay for post-secondary education have continued to increase in recent years. Put simply, while recent cost increases are not as significant as those witnessed in the 1990s, there are good reasons to suggest that post-secondary education is still becoming less affordable. What is most worrying is that the developments reported on in this chapter took place prior to the economic downturn at the end of 2008. It would thus seem reasonable to expect that the financial challenges faced by many students will appear even more serious once the data for 2008 and 2009 become available.

Evidence of increasing financial pressures on some students and families does not mean that the positive returns to post-secondary education discussed in Chapter 1 do not apply. Post-secondary education is not merely something that a student purchases—it is an investment in his or her future. Even as costs rise, the investment remains sound (see Baum and Schwartz, forthcoming). This chapter, however, focuses on the issues of the costs that students face and the financial resources available to them at the time they enrol.

Chapter 4

II. Costs and Resources: An Overview

To cover the cost of a year of post-secondary education, whether college or university, students typically need between $10,000 and $15,000 (Berger, Motte and Parkin, 2007).

In our discussion of these costs and how they have been changing, we need to keep in mind a few things. The first is changes in the rate of inflation. As shown in Table 4.II.1, for the country as a whole, between 2002 and 2007, the annual inflation rate as measured by the Consumer Price Index (CPI) fluctuated between 1.8 and 2.8 percent. During that period, prices cumulatively rose by 11.5 percent. Generally speaking, if the price of a good has risen by less than the rate of inflation over the same period, the good has in effect become cheaper; conversely, if the price has risen by more than the inflation rate, it has become more expensive. The inflation rate varies by province, however, and it can be calculated at the level of a city or region as well. This is part of the differing economic landscape that must be taken into account when assessing the circumstances of students in different parts of the country.

Table 4.II.1 — Consumer Price Index, 2002–2007, by Province

	2002	2003	2004	2005	2006	2007
Canada	**100**	**102.8**	**104.7**	**107.0**	**109.1**	**111.5**
NL	100	102.9	104.8	107.6	109.5	111.1
PE	100	103.5	105.8	109.1	111.6	113.6
NS	100	103.4	105.3	108.2	110.4	112.5
NB	100	103.4	104.9	107.4	109.2	111.3
QC	100	102.5	104.5	106.9	108.7	110.4
ON	100	102.7	104.6	106.9	108.8	110.8
MB	100	101.8	103.8	106.6	108.7	110.9
SK	100	102.3	104.6	106.9	109.1	112.2
AB	100	104.4	105.9	108.1	112.3	117.9
BC	100	102.2	104.2	106.3	108.1	110.0

Source: Statistics Canada, CANSIM Table 326-0021.

Table 4.II.2 — Breakdown of Student Costs, 2003–04[1]

	All Students	University Students	College Students
Tuition	34%	36%	23%
Books/computers	13%	13%	16%
Accommodation/food	30%	29%	32%
Transportation	8%	8%	11%
Other (e.g., personal, leisure, child care)	15%	14%	18%

Source: Berger, Motte and Parkin, 2007.

Another factor that needs to be taken into consideration is the composition of students' expenses. According to the 2003–04 Canadian Post-Secondary Student Financial Survey, tuition is the largest cost that students face, representing 34 percent of their expenditures, while accommodation and food is the second highest (30 percent). Transportation and books each account for between eight and 13 percent of expenditures (see Table 4.II.2).

Students also rely on a number of different income sources (see Tables 4.II.3 and 4.II.4). Many rely on contributions from their parents or family to help finance their studies. Specifically, 69 percent of first-year university students and 50 percent of graduating students did so; for college students, the figure was 58 percent. Employment, whether in the form of summer earnings or work during the school year, is also an important source of financing, notably in college, where two out of three college students rely on work income to help pay for their studies. Government loans also play an important role, with about three post-secondary students in ten relying on such programs.

Table 4.II.3 — Sources of Financing for University Students, 2007 and 2009[2]

	First-Year University Students	Graduating Students
Parents/family/spouse	69%	50%
Personal savings	53%	30%
University scholarship/financial award/bursary	51%	37%
Earnings from summer work	50%	41%
Government loan or bursary	31%	36%
Earnings from current employment	26%	35%
RESP	14%	7%
Loan from a financial institution	7%	12%
Investment income	6%	3%
Co-op program/work term	<1%	5%
Work-study program	<1%	3%
Other	4%	3%

Source: CUSC survey, 2007 and 2009.

1. These figures exclude debt payments.
2. It is important to keep in mind that, for any given source, a high incidence does not mean that the amounts received are also high.

Table 4.II.4 — Sources of Financing for College Students, 2009

	Proportion of Students
Personal Sources	
Work income	68%
Personal savings	48%
Academic scholarship	27%
Bank loan/line of credit	20%
Family	
Money from family	58%
Government	
Government student loan	29%
Government student grant/bursary	16%
Employment insurance (EI)	10%
Training grant	8%
Aboriginal/native ancestry funding	5%
Social/income assistance	4%
Government disability benefits	4%

Source: College Student Survey, 2009.

Students and their families must successfully juggle the costs of post-secondary education and their available resources. The equilibrium can be precarious, however, especially for students from low-income families. As will be discussed below, costs such as tuition often rise significantly in a short period of time. If that happens, resources can be adjusted, but only to a certain extent: the number of hours a student can work is limited, financial aid programs have a cap on the loan and grant amounts available, savings can fluctuate with economic conditions, and so on. For these reasons, changes in either the economy or in government policies can have real effects on the ability of some groups of students to make ends meet.

Chapter 4

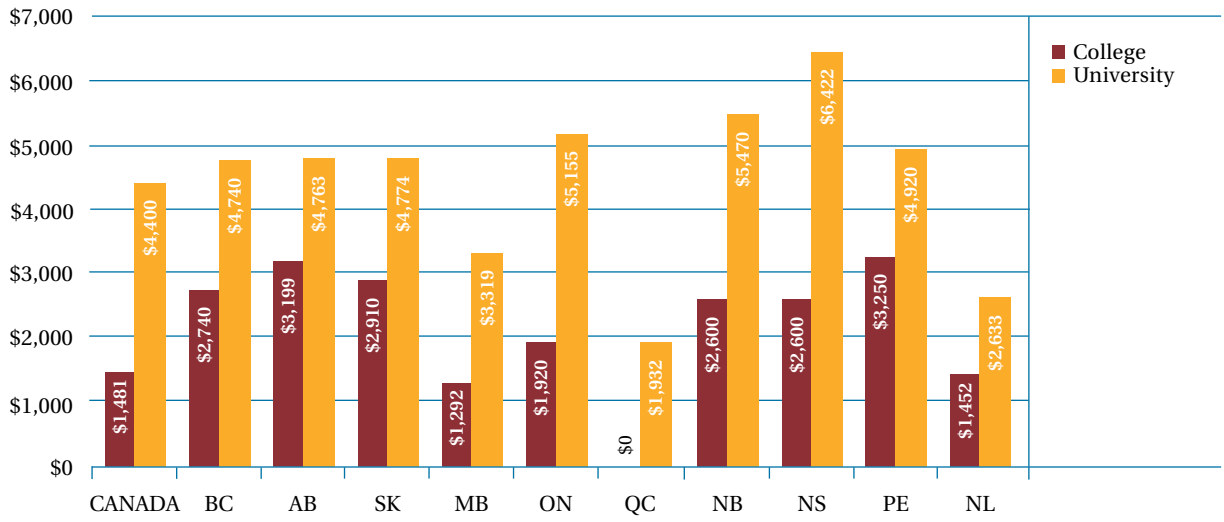
III. Update on Costs

Tuition

It is well known that post-secondary tuition in Canada has increased considerably during the past two decades. Between 1997–98 and 2008–09, average Canadian university tuition fees increased by 65 percent; this represents an increase of 37 percent after controlling for inflation (Tables 4.III.1 and 4.III.2). While college tuition fees typically are lower than university fees, they have increased at a similar pace in recent years. Specifically, between 1997–98 and 2006–07, college fees increased by 62 percent, or 35 percent after adjusting for inflation (Tables 4.III.3 and 4.III.4).

In 2008–09, university students in Canada paid an average of $4,724 in tuition for an undergraduate program. In 2006–07, the most recent year for which college data are available, the average college tuition in Canada was $1,481, compared to $4,400 for university (Figure 4.III.1). Excluding Quebec, where 40 percent of Canada's college students study but where there is no college tuition due to the CEGEP system, the average tuition totalled $2,354 (Table 4.III.3).

Figure 4.III.1 — College and University Tuition, 2006–07



Note: 2006–07 figures are used because that is the most recent year for which college tuition data are available.

Source: Statistics Canada, Tuition and Living Accommodation Costs Survey; Manitoba Council on Post-Secondary Education, 2007.

Table 4.III.1 — Average Undergraduate University Tuition in Canada in Nominal Dollars by Province, 1997–98 to 2008–09

	97–98	98–99	99–00	00–01	01–02	02–03	03–04	04–05	05–06	06–07	07–08	08–09
Canada	$2,869	$3,064	$3,328	$3,447	$3,585	$3,749	$4,018	$4,140	$4,211	$4,400	$4,558	$4,724
BC	$2,518	$2,525	$2,568	$2,592	$2,527	$3,176	$4,098	$4,735	$4,867	$4,740	$4,922	$5,040
AB	$3,241	$3,519	$3,723	$3,907	$4,030	$4,165	$4,511	$4,940	$4,838	$4,763	$5,122	$5,361
SK	$3,074	$3,279	$3,367	$3,668	$4,142	$4,286	$4,644	$5,062	$5,063	$4,774	$5,015	$5,015
MB	$2,921	$3,149	$3,488	$3,219	$3,243	$3,144	$3,155	$3,236	$3,333	$3,319	$3,271	$3,276
ON	$3,293	$3,640	$4,084	$4,256	$4,492	$4,665	$4,911	$4,831	$4,933	$5,155	$5,388	$5,643
QC	$1,803	$1,803	$1,813	$1,819	$1,842	$1,851	$1,865	$1,888	$1,900	$1,932	$2,056	$2,167
NB	$3,026	$3,225	$3,350	$3,585	$3,863	$4,186	$4,457	$4,719	$5,037	$5,470	$5,590	$5,590
NS	$3,892	$4,074	$4,262	$4,631	$4,855	$5,214	$5,556	$6,003	$6,323	$6,422	$6,110	$5,932
PE	$3,162	$3,327	$3,499	$3,499	$3,710	$3,891	$4,133	$4,374	$4,645	$4,920	$4,440	$4,530
NL	$3,211	$3,216	$3,373	$3,373	$3,036	$2,729	$2,606	$2,606	$2,606	$2,633	$2,632	$2,632

Source: Statistics Canada, Tuition and Living Accommodation Costs Survey.

Table 4.III.2 — Average Undergraduate University Tuition in Canada in 2008 Dollars by Province, 1997–98 to 2008–09

	97–98	98–99	99–00	00–01	01–02	02–03	03–04	04–05	05–06	06–07	07–08	08–09
Canada	$3,658	$3,869	$4,134	$4,165	$4,192	$4,331	$4,524	$4,546	$4,546	$4,637	$4,701	$4,724
BC	$3,211	$3,188	$3,190	$3,132	$2,955	$3,669	$4,614	$5,199	$5,254	$4,995	$5,076	$5,040
AB	$4,133	$4,443	$4,625	$4,721	$4,712	$4,811	$5,079	$5,424	$5,223	$5,020	$5,282	$5,361
SK	$3,920	$4,140	$4,182	$4,432	$4,843	$4,951	$5,229	$5,558	$5,466	$5,031	$5,172	$5,015
MB	$3,725	$3,976	$4,333	$3,890	$3,792	$3,632	$3,552	$3,553	$3,598	$3,498	$3,373	$3,276
ON	$4,199	$4,596	$5,073	$5,143	$5,252	$5,389	$5,529	$5,304	$5,325	$5,433	$5,557	$5,643
QC	$2,299	$2,276	$2,252	$2,198	$2,154	$2,138	$2,100	$2,073	$2,051	$2,036	$2,120	$2,167
NB	$3,858	$4,072	$4,161	$4,332	$4,517	$4,836	$5,018	$5,181	$5,437	$5,765	$5,765	$5,590
NS	$4,963	$5,144	$5,294	$5,596	$5,676	$6,023	$6,256	$6,591	$6,826	$6,768	$6,301	$5,932
PE	$4,032	$4,201	$4,346	$4,228	$4,338	$4,495	$4,653	$4,803	$5,014	$5,185	$4,579	$4,530
NL	$4,094	$4,061	$4,190	$4,076	$3,550	$3,153	$2,934	$2,861	$2,813	$2,775	$2,714	$2,632

Source: Statistics Canada, Tuition and Living Accommodation Costs Survey.

Table 4.III.3 — Average College Tuition in Canada in Nominal Dollars by Province, 1997–98 to 2006–07

	97–98	98–99	99–00	00–01	01–02	02–03	03–04	04–05	05–06	06–07
Canada	$915	$1,002	$1,073	$1,048	$1,196	$1,238	$1,396	$1,448	$1,477	$1,481
Canada (excluding Quebec)	$1,420	$1,545	$1,657	$1,723	$1,934	$1,965	$2,187	$2,254	$2,298	$2,354
BC	$1,340	$1,340	$1,340	$1,340	$1,791	$1,914	$2,586	$2,638	$2,674	$2,740
AB	$1,668	$1,923	$2,130	$2,339	$2,653	$2,653	$2,840	$3,089	$3,199	$3,199
SK	$1,727	$1,885	$2,055	$2,240	$2,657	$2,190	$2,400	$2,640	$2,772	$2,910
MB	$1,224	$1,322	$1,435	$1,292	$1,292	$1,292	$1,292	$1,292	$1,292	$1,292
ON	$1,403	$1,543	$1,684	$1,718	$1,786	$1,786	$1,820	$1,820	$1,820	$1,920
QC	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
NB	$1,600	$2,000	$2,400	$2,400	$2,400	$2,400	$2,400	$2,500	$2,600	$2,600
NS	$1,000	$1,150	$1,500	$1,750	$1,950	$2,150	$2,250	$2,400	$2,500	$2,600
PE	$2,000	$2,000	$2,000	$2,000	$3,250	$3,250	$3,250	$3,250	$3,250	$3,250
NL	$1,320	$1,452	$1,452	$1,452	$1,452	$1,452	$1,452	$1,452	$1,452	$1,452

Source: Statistics Canada, PSIS; Statistics Canada; Manitoba Council on Post-Secondary Education, 2003, 2004 and 2007.

Table 4.III.4 — Average College Tuition in Canada in 2008 Dollars by Province, 1997–98 to 2006–07

	97–98	98–99	99–00	00–01	01–02	02–03	03–04	04–05	05–06	06–07
Canada	$1,166	$1,265	$1,333	$1,266	$1,399	$1,431	$1,572	$1,590	$1,594	$1,561
Canada (excluding Quebec)	$1,810	$1,951	$2,058	$2,082	$2,262	$2,271	$2,462	$2,475	$2,481	$2,481
BC	$1,709	$1,692	$1,665	$1,619	$2,094	$2,211	$2,912	$2,897	$2,887	$2,888
AB	$2,127	$2,428	$2,646	$2,826	$3,102	$3,065	$3,198	$3,392	$3,453	$3,371
SK	$2,202	$2,380	$2,553	$2,707	$3,107	$2,530	$2,702	$2,899	$2,992	$3,067
MB	$1,561	$1,669	$1,783	$1,561	$1,511	$1,493	$1,455	$1,419	$1,395	$1,362
ON	$1,789	$1,948	$2,092	$2,076	$2,088	$2,063	$2,049	$1,998	$1,965	$2,023
QC	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
NB	$2,040	$2,525	$2,981	$2,900	$2,806	$2,772	$2,702	$2,745	$2,807	$2,740
NS	$1,275	$1,452	$1,863	$2,115	$2,280	$2,484	$2,533	$2,635	$2,699	$2,740
PE	$2,550	$2,525	$2,484	$2,417	$3,800	$3,754	$3,659	$3,569	$3,508	$3,425
NL	$1,683	$1,833	$1,804	$1,755	$1,698	$1,677	$1,635	$1,594	$1,567	$1,530

Source: Statistics Canada, PSIS; Statistics Canada; Manitoba Council on Post-Secondary Education, 2003, 2004 and 2007.

The national portrait of post-secondary costs and student financial aid can obscure as much as it reveals, since tuition policy and practice vary considerably from one jurisdiction to the next. As Tables 4.III.1 to 4.III.4 demonstrate, tuition increases have occurred at a much faster place in some provinces than others. For instance:

- Tuition increased substantially and quickly in British Columbia during the early part of this decade. A student who began a four-year university program in 2001–02, when tuition fees were frozen in B.C., would have wound up paying 88 percent more in his or her last year of studies. During the same time, inflation increased by only seven percent. College tuition in B.C. more than doubled between 2000–01 and 2006–07, while inflation increased by only 14 percent.[3]
- In Alberta, Saskatchewan and New Brunswick, university tuition increased at a faster pace than in the rest of the country between 1997–98 and 2006–07. The increase in Alberta occurred fairly quickly. Tuition rose from $4,165 to $4,940 (a jump of 19 percent) between 2002–03 and 2004–05. During those same two years, university tuition increased by nearly $800 in Saskatchewan. Similarly, tuition increased by more than $700 in New Brunswick between 2004–05 and 2006–07.
- College tuition also increased faster in B.C., Alberta, Saskatchewan and Nova Scotia than in the rest of the country between 1997–98 and 2006–07. College tuition in Nova Scotia increased by at least $100 during each of the years between 1997–98 and 2006–07. College tuition is highest in P.E.I., followed by Alberta and Saskatchewan.
- University tuition increased at a slower pace in Manitoba, Quebec, Nova Scotia and Prince Edward Island. In some instances, tuition decreased. Manitoba decreased tuition fees by $270 between 1999–2000 and 2000–01; they remained frozen until 2008–09, and were scheduled to increase by 4.5 percent for the 2009–10 academic year. Tuition decreased by 18 percent in Newfoundland and Labrador between 1997–98 and 2008–09; tuition in this province was nearly $750 cheaper in 2008–09 than in 2000–01.
- College tuition in New Brunswick and P.E.I. increased at the median (63 percent), while in Manitoba, Ontario and Newfoundland and Labrador it increased at a slower pace. In P.E.I., tuition was frozen at $2,000 until 2001–02, when it increased to $3,250, where it has remained since. In Quebec, college (CEGEP) studies remain free.

To summarize, with rare exceptions (university tuition in Newfoundland and Labrador; college tuition in Quebec), college and university tuition in Canada has continued to rise. Beyond the fact of this increase, two points are important. First, outside of Manitoba, Newfoundland and Labrador and Quebec, tuition increased faster than the rate of inflation—often, it rose at three or four times the pace of the Consumer Price Index. This means that we can confidently state that most post-secondary programs have become more expensive relative to other things. Second, tuition does not necessarily increase in a steady, predictable manner. Much—if not all—of a political party's post-secondary platform tends to be devoted to tuition, meaning it can shift dramatically upon the election of a new government. Parents saving to buy a car have a reasonable idea of how much money they will need to put aside each year to afford the model they like in five years' time; parents saving for their children's higher education are not always so lucky.

3. The amounts in this section have not been adjusted for inflation.

Is Net Tuition What Counts?

As indicated earlier, tuition typically is a student's single largest expenditure. In recognition of this, and of the financial barriers that many students face, governments provide tax credits and grants that, technically speaking, defray the price of tuition.

The concept of "net tuition" has been developed to capture the effect of these programs; it measures the costs to students and their families once these subsidies have been taken into account. Some commentators argue that this is what matters most in discussions of affordability: assessments of the real burden of financing post-secondary studies should take into account the very real rebates that are delivered in the form of tax credits and student aid (Usher, 2006; Usher and Duncan, 2008).

The concept of net tuition captures more fully the division of the aggregate burden of paying for post-secondary education between private sources (students and their families) and public ones (governments). Unfortunately, for students and families thinking about whether they can afford higher education (especially low-income families), it is not clear that the concept is all that useful. Discussions of net tuition do not focus on when and how tuition is paid.

Being able to figure out how education tax credits will offset tuition bills requires knowing how much one is going to receive in the form of such credits when they are claimed at least eight months down the road. It also requires knowing if one will have taxable income and, if not, how the rules surrounding the carrying forward or transferring of credits come into play. Only the most sophisticated tax filers will make budgets that take the eventual receipt of these credits into account; for most people, including parents from low-income families and students who may not have filed income taxes before, the effect of education tax credits is unknown. Furthermore, because the tax credits are not refundable, many low-income students cannot actually use them until well after they have graduated and start to have taxable income against which to claim them.

The concept of net tuition is a clever way to think of the full subsidy governments provide for post-secondary education. From this perspective, as Usher and Duncan write, "in a strict accounting sense, the timing of the payment is irrelevant"(12). It is a little less useful to families thinking about the issue of affordability. In September of each school year, students need to pay the tuition charged by their institution; they cannot ask to pay net tuition and let their school collect the balance from the Canada Revenue Agency. And bills are due when they are due, regardless of any possible future tax credits.

There is clearly a difference between net tuition and the amount students must come up with at the start of the year. Ideally, the two amounts would correspond, so that the net price individuals take into account when determining whether to invest in post-secondary education would resemble the price they have to pay up front. Policy efforts that, by intention or effect, reduce net price are undermined if they do not also affect the perception of post-secondary costs.

Canadian Household Spending on Post-Secondary Tuition

Data from Statistics Canada's Survey of Household Spending reveal that in 2007 about 15 percent of Canadian households had spent part of their annual budget on tuition for post-secondary education, whether university or college (see Table 4.III.5). For the country as a whole, households declared spending about $4,000 on average. While the percentage of households declaring that they spent money on post-secondary tuition did not vary much by province, the average amount spent did (see Figure 4.III.2). Predictably, given current tuition levels, households in New Brunswick and Nova Scotia reported the highest average amounts, while those in Quebec reported the lowest. Between 1997 and 2007, the average household expenditure on post-secondary tuition fees more than doubled in real terms, increasing from $1,925 to $4,017 in constant 2007 dollars (Statistics Canada, 2009d).

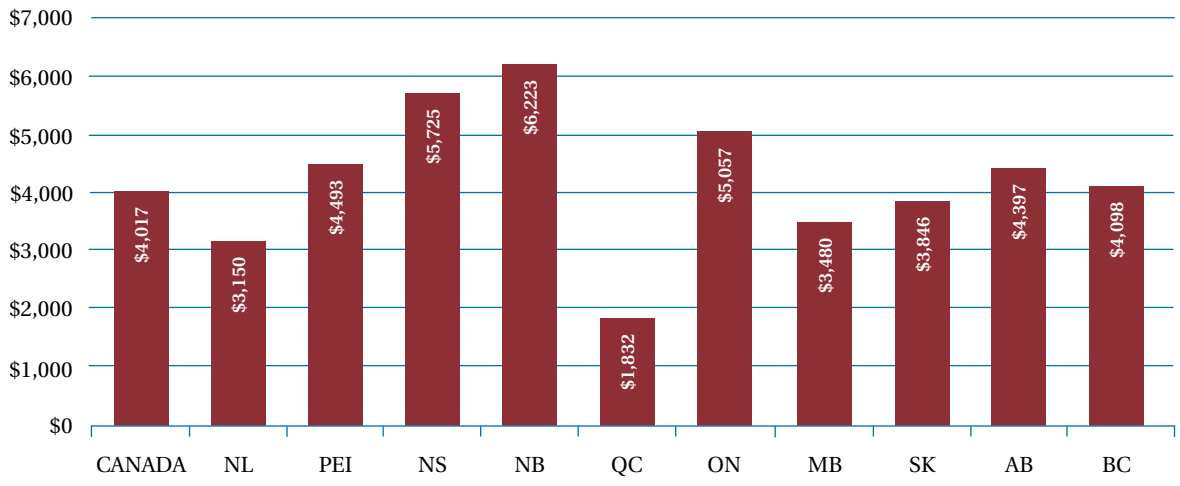
The data available from Statistics Canada do not allow us to control for the number of household members that attend post-secondary education. Nevertheless, it is worth noting that the average amounts reported in each province are very close to the average amounts of undergraduate university tuition discussed above, suggesting that on average households with tuition expenses spend roughly the equivalent of average provincial undergraduate university tuition each year.

Table 4.III.5 — Percentage of Households Reporting Post-Secondary Tuition Expenditures, 2007

	Canada	NL	PE	NS	NB	QC	ON	MB	SK	AB	BC
Percentage	15.4%	12.2%	12.6%	13.9%	12.5%	14.1%	16%	16.2%	13.1%	16.8%	16.6%

Source: Statistics Canada, 2009d, Table B.2.7.

Figure 4.III.2 — Average Amount Spent on Tuition by Households Incurring Post-Secondary Tuition Expenditures, 2007



Source: Statistics Canada, 2009d, Table B.2.7.

Textbooks

In focus groups and other forums, students often complain about the high cost of textbooks (and to a lesser extent, that some of the textbooks they are required to purchase are rarely used by the professor or instructor). Students also report having been surprised by the cost of textbooks. Since the number and nature of required textbooks vary considerably across disciplines and courses,[4] it is difficult for students to estimate how much they should expect to spend on them. It also appears equally difficult for institutions to present students with a clear idea of how much their books will cost.

Table 4.III.6 offers an idea of the textbook costs faced by first-year university students in different disciplines enrolled in compulsory courses. Within a single discipline, the range of prices can be quite wide; in a number of cases, the difference between the minimum and maximum price is over $400. Arts students tend to have lower overall costs.

In the absence of a comprehensive, regular survey of student costs and resources, we cannot monitor the evolution of textbook costs. However the Survey of

Table 4.III.6 — Minimum, Maximum and Average Prices of First-Year University Compulsory Course Textbooks by Discipline in 2008

	Minimum	Maximum	Average
Commerce			
Finance	$495	$790	$608
Business administration	$398	$695	$550
Marketing	$378	$753	$554
International business	$436	$622	$529
Human resources management	$274	$729	$570
Engineering			
Mechanical engineering	$400	$777	$617
Chemical engineering	$330	$747	$605
Civil engineering	$348	$764	$573
Computer engineering	$360	$814	$575
Electrical engineering	$406	$791	$661
Arts			
Economics	$490	$738	$616
Literature	$180	$832	$436
History	$163	$751	$441
Politics	$188	$745	$448
Sociology	$179	$612	$451
Science			
Biology	$405	$912	$651
Chemistry	$301	$942	$656
Computer science	$285	$787	$593
Geography	$214	$1,013	$585
Mathematics	$195	$800	$595

Source: Data collected by the Canada Millennium Scholarship Foundation, 2008.

4. We have, for example, noted certain instances where professors teaching the same course assigned different textbooks.

Household Spending offers information on household spending on post-secondary education related to post-secondary course materials and books. Table 4.III.7 shows that between 1997 and 2007, there was very little change in the amount spent. Over the past five years, median household spending on books and materials has stayed at $600 (this includes all levels of post-secondary education, including both college and university courses). This is not to say that there are no programs and courses where the costs of required materials have risen; there are also courses that require particularly expensive books or equipment. Overall, however, it appears that the variation and unpredictability of the cost of books is probably more of a problem for students than the escalation of costs over time.

Table 4.III.7 — Median Amount Spent on Materials and Textbooks at the Post-Secondary Level, Canada, 1997–2007 (Current Dollars)

	1997	1999	2001	2003	2005	2007
Materials	$100	$100	$100	$100	$100	$100
Textbooks	$400	$430	$500	$500	$500	$500

Source: Statistics Canada, Survey of Household Spending, CANSIM Table 203-0012.

Rent

In addition to educational costs like tuition, fees and textbooks, students also need somewhere to live. According to the CUSC survey, 54 percent of first-year university students (in 2007) and 65 percent of graduating university students (in 2009) were not living with their parents. The 2009 College Student Survey indicates that 64 percent of college students did not live with their parents. Again, however, in the absence of a regular survey of students' living costs, it is not easy to determine how much students spend on rent. Table 4.III.8 offers a portrait of the cost of renting a one-bedroom apartment in different Canadian cities in 2007. Of course, as mentioned, many students live at home, either during the school year, the summer or both. Others live on campus in residence, and many students find it cheaper to share accommodations than to live alone. The figures in the table also mask geographical variation in price within cities; apartments near colleges and universities may cluster at the higher or lower end of the price scale, depending on the city. Nevertheless, while the amounts shown in the table might not correspond to the actual rent students pay, they are instructive for two reasons. First, they give a general sense of what apartments cost in different parts of the country, although they perhaps represent the upper range of what students pay. Second, they offer a portrait of how fast rent has been increasing.

In 2007, Toronto was the most expensive city to live in, while Trois-Rivières was the cheapest. Over the course of an eight-month academic year, students renting a one-bedroom apartment would have spent on average between $3,200 and $7,200, depending on where they lived.

Rent has increased considerably in many cities between 2003 and 2007; in most cases, the increases were greater than the rate of inflation (see Table 4.III.8). In Calgary, Edmonton, Saskatoon, Victoria, Sudbury, Peterborough, Toronto and Kingston, rent grew more than twice as quickly as the rate of provincial inflation. In some cities, on the other hand, including Windsor, Ottawa, Guelph, Hamilton, St. John's and Kitchener, rent increased at a slower pace than inflation. It is also interesting to note that in several cases rent has risen faster than undergraduate university tuition. In cities in the Prairies, for instance, rent has increased at a pace two to four times greater than the pace of tuition increases. This is not to minimize the importance of changes in tuition; it is simply to note that the factors that put pressure on student budgets vary from place to place and that discussions of affordability must take the full range of students' costs and resources into account.

Table 4.III.8 — Cost of Renting a One-Bedroom Apartment in Major Canadian Cities

City	Average Monthly Rent in 2007	Cost of Rent for 8 Months	Percentage Difference from 2003[5]	Inflation Rate Between 2003 and 2007 in the Province	Change in University Tuition in the Province over the Same Period
St. John's, NL	$545	$4,360	6.9%	8.2%	1.0%
Charlottetown, PE	$524	$4,192	13.2%	10.1%	7.4%
Halifax, NS	$659	$5,272	15.2%	9.1%	10.0%
Moncton, NB	$532	$4,256	14.9%	7.9%	25.4%
Montreal, QC	$581	$4,648	15.1%	7.9%	10.2%
Quebec, QC	$547	$4,376	11.9%	7.9%	10.2%
Sherbrooke, QC	$424	$3,392	14.9%	7.9%	10.2%
Trois-Rivières, QC	$406	$3,248	9.7%	7.9%	10.2%
Guelph, ON	$743	$5,944	5.1%	8.1%	9.7%
Hamilton, ON	$666	$5,328	6.2%	8.1%	9.7%
Kingston, ON	$701	$5,608	17.2%	8.1%	9.7%
Kitchener, ON	$690	$5,520	8.2%	8.1%	9.7%
London, ON	$652	$5,216	15.2%	8.1%	9.7%
Ottawa, ON	$798	$6,384	4.0%	8.1%	9.7%
Peterborough, ON	$709	$5,672	18.2%	8.1%	9.7%
St. Catharines-Niagara, ON	$648	$5,184	11.3%	8.1%	9.7%
Sudbury, ON	$609	$4,872	18.7%	8.1%	9.7%
Thunder Bay, ON	$584	$4,672	9.8%	8.1%	9.7%
Toronto (Central), ON	$1,052	$8,416	18.1%	8.1%	9.7%
Windsor, ON	$641	$5,128	0.6%	8.1%	9.7%
Winnipeg, MB	$578	$4,624	18.0%	9.1%	3.7%
Regina, SK	$554	$4,432	15.4%	9.9%	8.0%
Saskatoon, SK	$564	$4,512	22.3%	9.9%	8.0%
Calgary, AB	$897	$7,176	36.7%	13.5%	13.5%
Edmonton, AB	$784	$6,272	36.4%	13.5%	13.5%
Vancouver, BC	$846	$6,768	13.9%	7.8%	20.1%
Victoria, BC	$716	$5,728	18.4%	7.8%	20.1%

Source: Canada Mortgage and Housing Corporation.

5. Data for 2003 are taken from Junor and Usher, 2004.

Transportation

Students who do not live on or close to campus must pay for public or private transportation. Those driving their own vehicles have been hit with rising gas prices, which over the past five years (2002–2007) have increased by 46 percent. In the case of public transportation, both the amounts students have to pay and the rate of change vary considerably by city. As Table 4.III.9 shows, the monthly cost of a student transit pass varies from a low of $18.50 in Calgary to a high of $89 in Toronto. And while some cities have seen a reduction in prices in recent years, others have seen price increases of over 20 percent.

Table 4.III.9 — Cost of Monthly Public Transportation Passes for Full-Time Students in Major Canadian Cities (2003–04 and 2008–09)

City	Cost of Student Transit Pass in 2003–04	Cost of Student Transit Pass in 2008–09	Increase Since 2003
St. John's, NL	$50.00	$49.00	-2.00%
Halifax, NS	$51.00	$54.00	5.88%
Fredericton, NB	$38.00	$38.00	0.00%
Moncton, NB	$36.50	$44.00	20.55%
Quebec, QC	$42.60	$45.80	7.51%
Sherbrooke, QC	$42.00	$46.00	9.52%
Montreal, QC	$31.00	$36.00	16.13%
Trois-Rivières, QC	$43.00	$48.00	11.63%
Guelph, ON	$55.00	$58.00	5.45%
Hamilton, ON	$65.00	$79.00	21.54%
Kingston, ON	$46.25	$48.00	3.78%
Kitchener, ON	$45.33	$47.25–$50.35	N/A
London, ON	$64.00	$64.00	0.00%
North Bay, ON	$60.00	$65.00	8.33%
Ottawa, ON	$50.25	$59.75	18.91%
Peterborough, ON	$64.00	$45.00	-29.69%
St. Catharines, ON	$67.50	$72.50	7.41%
Sudbury, ON	$63.00	$62.00	-1.59%
Thunder Bay, ON	$48.75	$48.75	0.00%
Toronto, ON	$87.00	$89.00	2.30%
Windsor, ON	$50.00	$54.50	9.00%
Brandon, MB	$42.00	$40.00	-4.76%
Winnipeg, MB	$53.90	$57.00	5.75%
Regina, SK	$45.50	$48.00	5.49%
Saskatoon, SK	$42.00	$55.00	30.95%
Calgary, AB	$65.00	$18.75	-71.15%
Edmonton, AB	$54.00	$60.00	11.11%
Lethbridge, AB	$45.50	$55.00	20.88%
Prince George, BC	$32.00	$32.00	0.00%
Vancouver, BC (3 zones)	$36/$87/$120	$73/$99/$136	102%/14%/13%
Victoria, BC	$55.00	$65.25	18.64%

Source: For 2008–09, information was retrieved from the Internet in June and July 2008; for 2003–04, the source is Junor and Usher, 2004.

Chapter 4

IV. Update on Resources

Employment

Being employed during the school year is common among students. Data from Statistics Canada's Labour Force Survey show that since the early 1990s, the proportion of full-time university and college students that has chosen to combine work with studies has increased slightly. As Figure 4.IV.1 indicates, the employment rate between September and April among 20- to 24-year-old full-time students grew from 42 percent in 1994–95 to 48 percent in 2007–08, before dropping to 46 percent in 2008–09.

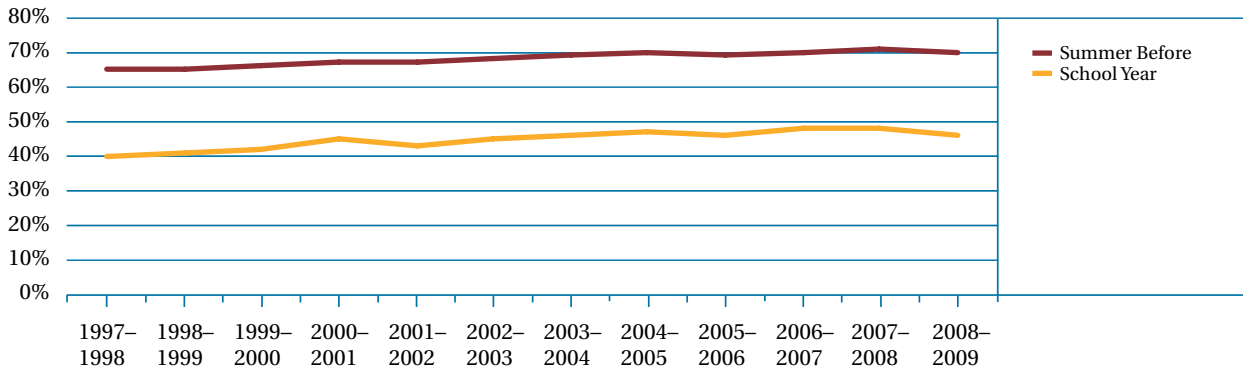
Data from other surveys tend to show slightly higher employment rates compared with the Labour Force Survey. These data allow us to explore differences among specific groups of students:

- A 2009 survey of university students in the last year of their undergraduate program (Prairie Research Associates, 2009a) revealed that 62 percent were working during the academic year. These students worked an average of 18 hours per week, with two-thirds reporting working more than ten hours per week. More than two-thirds of these students were working off campus.
- First-year university students appear to work somewhat less: 45 percent of first-year students were working in 2007 for an average of 15 hours per week. Sixty-five percent of those employed reported working more than ten hours per week (Prairie Research Associates, 2007a).
- At the college level, 52 percent of students in 2009 reported working while in school (Prairie Research Associates, 2009b). About two-thirds of employed college students reported working more than ten hours per week.

Students also rely on work during the summer to cover their education costs. Since 2000, Labour Force Survey data show that between 67 and 70 percent of full-time students aged 20 to 24 have worked during the summer months. Some groups of students may be more likely to work than others. For example, 80 percent of college students surveyed in 2009 reported working during the previous summer (Prairie Research Associates, 2009b).

For a number of students, earnings from summer months are stretched to cover costs for the school year. Forty-one percent of university students graduating in the spring of 2009 reported using income earned in the

Figure 4.IV.1 — Average Employment Rate among 20- to 24-Year-Old Full-Time Students, September–April and May–August, 1997–98 to 2008–09



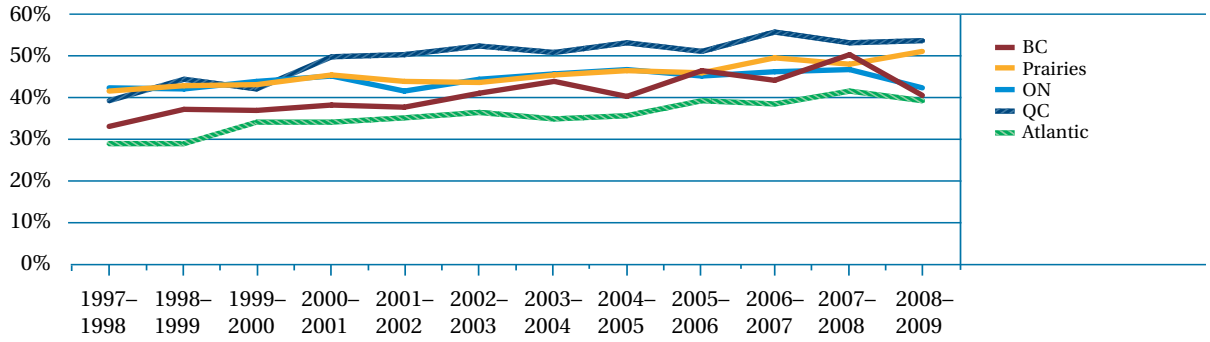
Source: Statistics Canada, Labour Force Survey, CANSIM Table 282-0005 and 282-0006.

summer of 2008 to help pay for their studies (Prairie Research Associates, 2009a). Half of first-year students were relying on summer earnings in their first year of study (Prairie Research Associates, 2007a).

The national averages presented above hide important regional differences. Indeed, there is a sizable gap in the employment rate from region to region. During the 2008–09 academic year, nearly 54 percent of full-time students in Quebec were employed, compared to only 39 percent of full-time students in the Atlantic provinces. Students in the Prairies were also more likely to work than were those in Ontario or B.C. (see Figure 4.IV.2).

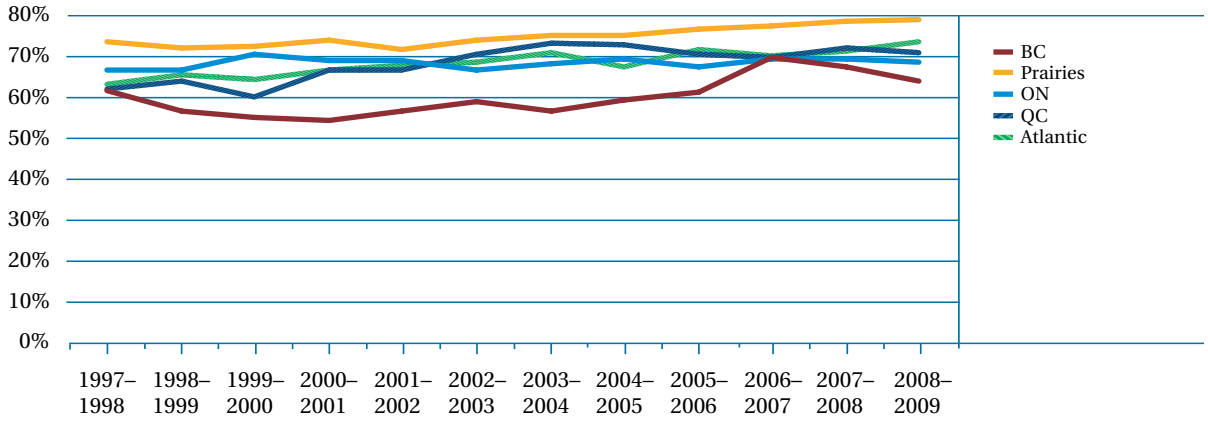
Slightly different patterns emerge during the summer. While student employment increases in every part of the country in this season, there are still variations by region. Students in the Atlantic provinces had the lowest school-year employment rate, but their incidence of summer work trails only that of students in the Prairies. Students in B.C., meanwhile, have relatively low levels of employment throughout the calendar year, while Quebec students, who work the most during the academic year, are less likely than those in the Atlantic and Prairie provinces to work during the summer (see Figure 4.IV.3).

Figure 4.IV.2 — Average Employment Rate among 20- to 24-Year-Old Full-Time Students, September–April, 1997–98 to 2008–09



Source: Statistics Canada, Labour Force Survey, CANSIM Table 282-0005.

Figure 4.IV.3 — Average Employment Rate among 20- to 24-Year-Old Full-Time Students, May–August, 1997–98 to 2008–09

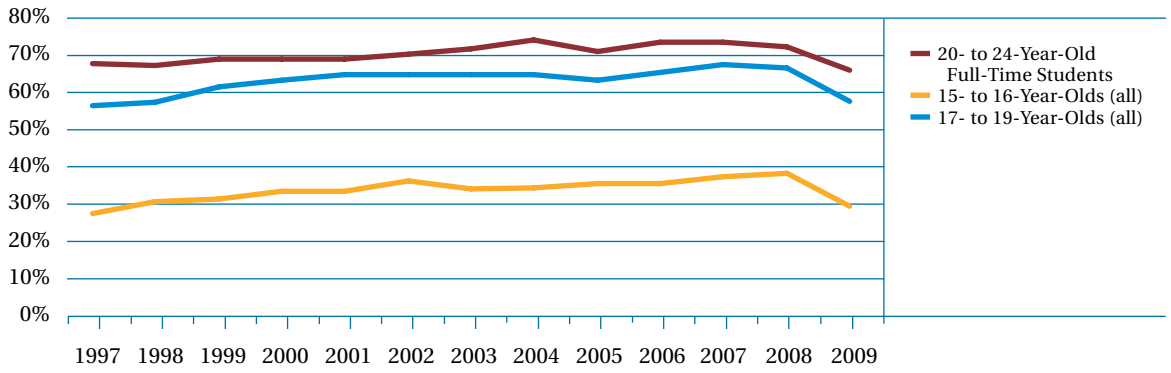


Source: Statistics Canada, Labour Force Survey, CANSIM Table 282-0006.

A Recession Takes Hold

The most recent data suggest that the current economic climate is unfavourable to students. As Figure 4.IV.4 demonstrates, the employment rate among 20- to 24-year-old full-time students in the month of June fell six percentage points, to 64 percent, between 2008 and 2009. By contrast, it had not dropped by more than three percentage points in the 15 previous years for which data are available. High school-aged youth, who may plan on financing their future studies in part through savings from summer employment, are also feeling the pinch. The employment rate among both 15- to 16-year-olds and 17- to 19-year-olds in the month of June fell by ten percentage points between 2008 and 2009.

Figure 4.IV.4 — Employment Rate for the Month of June among 20- to 24-Year-Old Full-Time Students, 15- to 16-Year-Olds and 17- to 19-Year-Olds, 1997–98 to 2008–09



Source: Statistics Canada, Labour Force Survey, CANSIM Table 282-0006.

In terms of earnings, university students in the last (first) year of their program who work during the school year reported earning an average of $3,775 ($1,883) in employment income, while those who worked during the previous summer reported using an average of $5,318 ($2,112) from this source during the school year. The earnings of employed college students break down as follows (including both current and summer income):

- 15 percent earned between $0 and $1,000
- 10 percent earned between $1,001 and $2,000
- 13 percent earned between $2,001 and $4,000
- 12 percent earned between $4,001 and $7,000
- 8 percent earned between $7,001 and $10,000
- 10 percent earned more than $10,000.

Aside from these figures, we have limited information on the wages earned by students and their evolution over time. According to Usalcas and Bowlby (2006), and as reported in the previous edition of *The Price of Knowledge*, students aged 18 to 24 have seen only a small gain in their average hourly wages since 1997–98: about 2.1 percent after adjusting for inflation (see Berger, Motte and Parkin, 2007, 82). The increase in overall earnings that students report is thus almost entirely attributable to the increased numbers of hours worked, as opposed to a significant increase in wages.

While it is clear that students rely heavily on employment to finance their studies, without comprehensive individual-level data on student wages, we cannot fully track the evolution of their earnings over time. We can, however, examine how the minimum

wage in Canada has evolved, since it may represent the hourly pay for students in typical entry-level, part-time or summer jobs. The minimum wage varies substantially from region to region.[6]

- British Columbia had the highest minimum wage in Canada until 2007, when a number of provinces caught up to it. Frozen at $8.00 per hour in 2000, the relative value of the B.C. minimum wage has been decreasing ever since.
- In the three Prairie provinces, the minimum wage has increased by 60 percent since 1997. It has grown particularly quickly since 2004, from just over $6.50 per hour to $8.50 per hour, likely due to the strong economy in Western Canada.
- In Ontario the minimum wage did not increase between 1997 and 2004, although recent annual increases since then have allowed it to catch up to the 1997 level after adjusting for inflation. At $8.75 per hour, Ontario's minimum wage is the highest in the country, having grown by 28 percent since 2003.
- Minimum wage increases in Quebec have kept up with provincial inflation,[7] with the wage rising from $6.80 to $8.50 between 1997 and 2008.
- In the Atlantic provinces, the minimum wage grew by an average of 49 percent during the years in question, increasing from an average of $5.35 in 1997 to $7.96 in 2008.

It is interesting to note that the gap in minimum wages across provinces has been narrowing. In 2001, the gap between the highest minimum wage ($8.00 in B.C.) and the lowest ($5.50 in Newfoundland and Labrador) was $2.50. It had shrunk to $1.00 in 2008, with Ontario's wage of $8.75 being one dollar higher than New Brunswick's.

Combining what we know about both minimum wage rates and tuition costs, it is possible to show how income from work might contribute to paying for post-secondary education in each province. As reported earlier, the 62 percent of students working while in their last year of undergraduate studies in 2009 worked an average of 18 hours per week. Assuming that a typical academic year lasts 34 weeks, then the average student who is working while in school works a total of 612 hours. In Quebec and Manitoba, students working for this number of hours could earn well over the amount needed to pay for university undergraduate tuition. In P.E.I., Ontario, Alberta and B.C., they could almost cover their

Table 4.IV.1 — Minimum Wage by Province, 1997 to 2008

	97	98	99	00	01	02	03	04	05	06	07	08
BC	$7.15	$7.15	$7.60	$8.00	$8.00	$8.00	$8.00	$8.00	$8.00	$8.00	$8.00	$8.00
AB	$5.00	$5.40	$5.90	$5.90	$5.90	$5.90	$5.90	$5.90	$7.00	$7.00	$8.00	$8.40
SK	$5.60	$5.60	$6.00	$6.00	$6.00	$6.65	$6.65	$6.65	$7.05	$7.55	$7.95	$8.60
MB	$5.40	$5.40	$6.00	$6.00	$6.25	$6.50	$6.75	$7.00	$7.25	$7.60	$8.00	$8.50
ON	$6.85	$6.85	$6.85	$6.85	$6.85	$6.85	$6.85	$7.15	$7.45	$7.75	$8.00	$8.75
QC	$6.80	$6.90	$6.90	$6.90	$7.00	$7.20	$7.30	$7.45	$7.60	$7.75	$8.00	$8.50
NB	$5.25	$5.25	$5.25	$5.75	$5.90	$6.00	$6.00	$6.20	$6.30	$6.70	$7.25	$7.75
NS	$5.50	$5.50	$5.60	$5.70	$5.80	$6.00	$6.25	$6.50	$6.80	$7.15	$7.60	$8.10
PE	$5.40	$5.40	$5.40	$5.60	$5.80	$6.00	$6.25	$6.50	$6.80	$7.15	$7.50	$8.00
NL	$5.25	$5.25	$5.50	$5.50	$5.50	$5.75	$6.00	$6.00	$6.25	$6.75	$7.50	$8.00

Note: Figures have not been adjusted for inflation. Figures represent the minimum wage in effect on December 31 of the year in question.
Source: Human Resources and Skills Development Canada, Hourly Minimum Wages in Canada for Adult Workers

6. None of the minimum wages reported here have been adjusted for inflation. Between 1997 and 2008, inflation in Canada was 27.51 percent, meaning that any growth in the minimum wage below that amount would constitute a decline in the actual value of the wage over the same period.
7. Inflation in Quebec grew by 24.12 percent between 1997 and 2008, slightly below the national average of 27.51 percent.

Table 4.IV.2 — Percentage of University and College Tuition Earned by Students Working at Minimum Wage for the Average Number of Hours During a Typical Academic Year

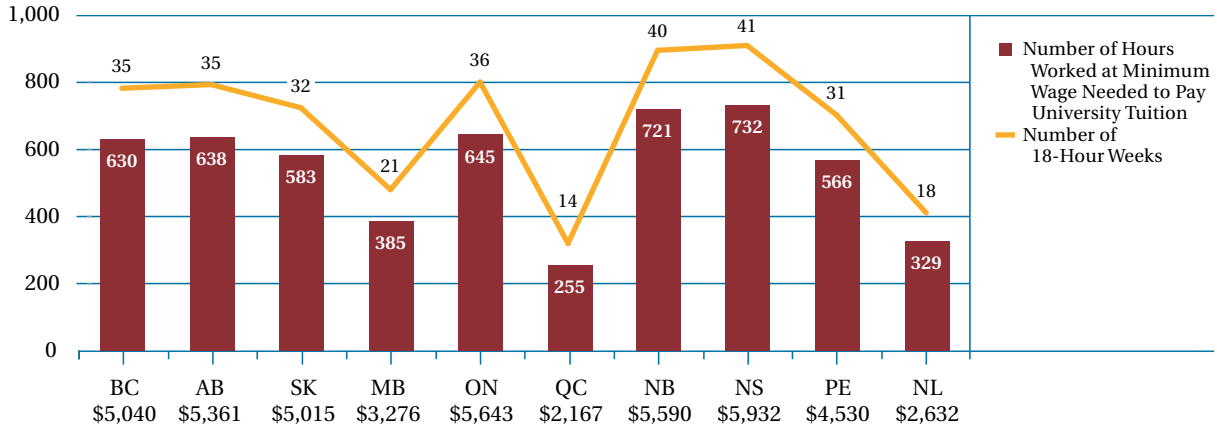
Province	Percentage of University Tuition Earned	Percentage of College Tuition Earned	Employment Rate (Annual, Full-Time Students Aged 20–24)	Unemployment Rate (Annual, Full-Time Students Aged 20–24)
BC	97%	179%	40.4%	5.1%
AB	96%	161%	47.1%	x
SK	105%	181%	45.5%	x
MB	159%	403%	60.0%	3.6%
ON	95%	279%	42.4%	7.1%
QC	240%	N/A	53.6%	4.9%
NB	85%	182%	37.4%	11.7%
NS	84%	191%	44.5%	5.6%
PE	108%	151%	40.5%	11.1%
NL	186%	337%	34.6%	x

Note: x = Suppressed to meet the confidentiality requirements of the Statistics Act.
Source: Authors' calculations; Statistics Canada's Labour Force Survey, CANSIM Table 282-0006 and 282-0095.

tuition bill. In Nova Scotia and New Brunswick, however, they would be left well short. College students are better positioned, but there are still considerable differences by province (see Table 4.IV.2).

Another way of looking at this is shown in Figure 4.IV.5. In Nova Scotia and New Brunswick, a student would need to work more than 720 hours to come up with one year's university tuition, or 40 weeks at 18 hours per week (in comparison, a typical academic year lasts 34 weeks).[8] Students in Manitoba, on the other hand, would only have to work 21 weeks, and students in Quebec 14.

Figure 4.IV.5 — Number of Hours Worked at Minimum Wage and Number of 18-Hour Work-Weeks Required to Pay One Year's University Tuition in Canada in 2008–09, by Province



Source: Authors' calculations based on Statistics Canada, Tuition and Living Accommodation Costs Survey; Human Resources and Skills Development Canada, Hourly Minimum Wages in Canada for Adult Workers.

8. Moreover, these calculations do not factor in taxes and other payroll deductions.

Should Students Work?

More students than ever before combine work and attending post-secondary education (see Usalcas and Bowlby, 2006; Motte and Schwartz, 2009). In recent years, at least prior to the economic downturn of 2008–09, it was relatively easy for students to find work.

The impressive increase in the proportion of students who work during the school year typically triggers two types of question. The first is: "Why are students working?" When asked such a question directly, students' answers will vary from reporting a need for money to cover the basics (education, food and rent) to saying they need money for leisure or to maintain a certain lifestyle.

The second type of question is: "What is the effect of work on students' persistence and performance?" When asked directly, students will admit that the number of hours they work may be detrimental to their performance. In fact, recent data show that the more hours university students work, the more likely they are to say that it affects their academic performance. Specifically, "about 35% of those who work over 30 hours a week report that employment has a negative impact on their academic performance. This compares to about 17% of those who work 10 hours a week or less" (Prairie Research Associates, 2009a).

Establishing a clear causality between employment and academic performance, however, is a particularly difficult issue from a methodological perspective. That is, it is hard to say whether students perform worse in school because they work, or whether students are drawn to work because they do poorly in school.

Recent data from Statistics Canada's Youth in Transition Survey have shed some light on this question. In their attempt to get at the relationship between work and persistence using YITS data, Motte and Schwartz (2009) observe that students who did not re-enroll in second year after the first year of their first post-secondary program were more likely to have worked a greater number of hours during that first year. They also find that work is negatively correlated with persistence: the more hours students work during the first year of study, the less likely they are to come back in the second year.

While we are far from having a definite answer on the effect of work on post-secondary performance, this research suggests that students should be challenged on their need for work: if there is any doubt that it may affect their school performance, are they in a position to reduce the number of hours they work? A more difficult question is whether students who lack resources would be better off requesting student financial aid, as opposed to working.

Family Income and Savings

As mentioned above, the financial contributions that students receive from their families—typically parents—is one of the most important sources of post-secondary education funding. Unfortunately, there is no easy way to tell whether students have been getting more or less financial support from their parents over time. Unlike employment earnings or student loan payments, transfers of funds within families are not reported to or tracked by the government. They may also be accounted for less accurately by respondents to student surveys.

Even if we knew how family contributions were changing over time, however, we would still be missing an important part of the picture. In terms of assessing the affordability of post-secondary education, what counts is not only what parents give to their student children, but how affordable parents feel these contributions to be. If family income is declining over time, for instance, then a family committed to providing their children with a certain amount of money each year will find it harder and harder to do so. For this reason, in this section we will examine how the financial circumstances of Canadian families have been changing in recent years and consider how this may be affecting their ability to contribute financially to their children's post-secondary education.

Family Income[9]

The earnings of individual Canadians have not changed in real terms over the past 25 years, which means that earnings have increased at the exact same rate as inflation. The earnings of families, however, have increased in real terms by just over nine percent (family earnings have increased despite the stagnation in individual earnings because there are now more dual-earner families). Median family income, which includes income from investments and government transfers as well as employment, increased by 11 percent above inflation between 1980 and 2005 (Statistics Canada, 2008a). The increase has been especially pronounced in the recent period of economic growth prior to the 2008 economic crisis: from 2000 to 2005, there was a real increase in median family income of 3.7 percent and a further 4.7 percent increase between 2005 and 2007 (Statistics Canada, 2009c).

Perhaps the best measure of family income in the context of the affordability of post-secondary education is the after-tax income of non-elderly families. After-tax income reflects what families have available to spend; by excluding elderly families, we can focus on the families most likely to have dependent children. Non-elderly families gained little ground between 1980 and 2000—in real terms, their median after-tax income grew by only 0.3 percent. Since then, however, their income has been growing (although the available figures do not take into account the 2008 economic downturn): between 2000 and 2007, the real median after-tax income of these families increased by 13.3 percent.

The fact that families are better off now than they used to be is no doubt good news when considering how students pay for post-secondary education. At the same time, however, the stagnation in after-tax income between 1980 and 2000 was overshadowed by the doubling (in real terms) in undergraduate university tuition over the same period, and the more recent real growth in family income (13.3 percent) between 2000 and 2007 has simply allowed families to keep pace with rising costs, at least as measured by the increase in tuition levels (13.1 percent over the same period). Seen in these terms, university education became much less affordable prior to 2000, and has not become any more or less affordable since then.

9. Unless otherwise noted, the income figures referred to in this section are taken from Statistics Canada's CANSIM tables. The consumer price index and recent tuition figures used in the authors' own calculations are also from Statistics Canada. The historic tuition figures were provided by the AUCC.

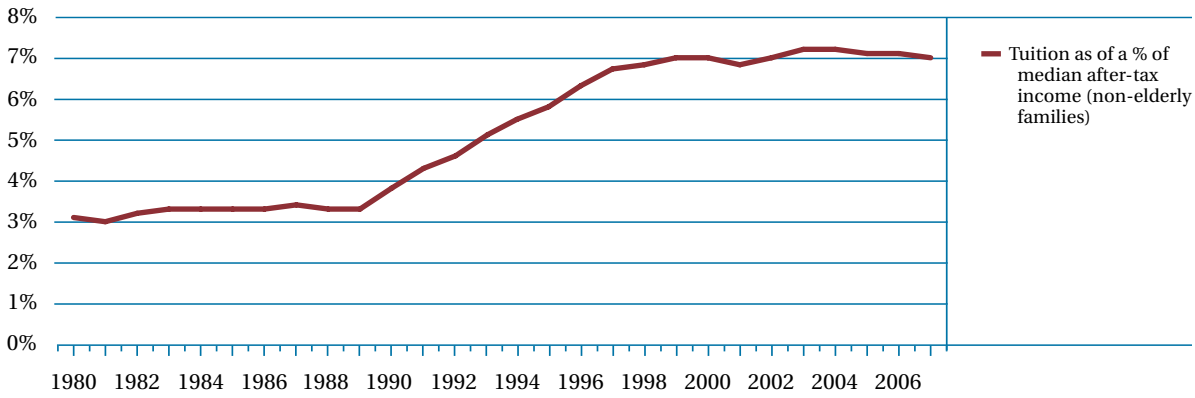
The longer-term trend just described is represented in Figure 4.IV.6. Twenty-five years ago, average undergraduate university tuition represented just over three percent of the annual income that non-elderly families had to spend. That proportion more than doubled in the decade between 1989 and 1999. The situation has stabilized again in the last five years or so, with tuition hovering at around seven percent of the median after-tax income of non-elderly families.

An equally important point to consider is the fact that income has not been increasing at the same rate for all types of families. The distribution of income in Canada has become more unequal over the past decades, meaning that richer families have seen more income growth than poorer ones. This trend was particularly apparent in the 1990s, when lower-income families actually lost ground, while higher-income families continued to gain (Heisz, 2007).

To illustrate, consider the average after-tax income of families[10] in each of five equal-sized quintiles. In the 15 years between 1989 and 2004, the after-tax income of families in the lowest income quintile barely changed in real terms, increasing by 2.2 percent. By comparison, the income of those in the highest income quintile grew by almost ten times as much (20.2 percent). In recent years, however, the trend has reversed: between 2004 and 2007, the real incomes of those in the lowest quintile grew by 11.9 percent compared to 7.1 percent for those in the highest quintile.[11]

In terms of paying for post-secondary education, this means that for those in the lowest income quintile, average university tuition grew from about eight

Figure 4.IV.6 — Average Undergraduate University Tuition as a Proportion of Median After-Tax Income (Non-Elderly Families)



Source: See Note 9.

10. In this case, we are considering all economic families (families of two or more persons) and not exclusively non-elderly families, due to restrictions in the availability of data.

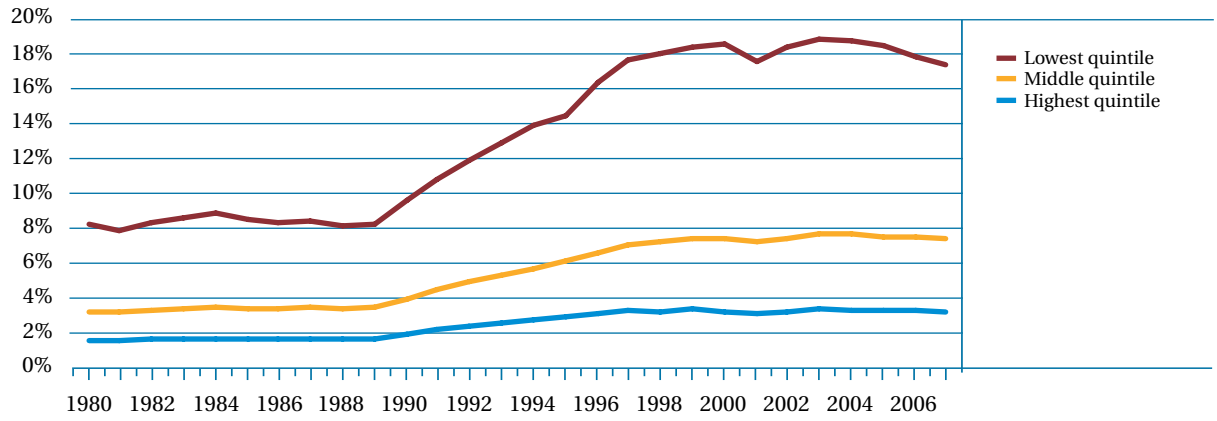
11. Source: Statistics Canada CANSIM Table 202-0701.

percent of average after-tax income to about 18 percent between 1980 and 2007; for those in the highest income group, the figure grew from just under two percent to just over three percent (see Figure 4.IV.7). Higher-income families today must devote about 1/25th of their average after-tax income to paying their child's university tuition in Canada; lower-income families must pay almost a fifth of theirs. The key point, however, is that over the past two decades—and particularly during the 1990s—post-secondary education became much less affordable for lower-income families in comparison to higher-income families, although the situation has stabilized since 2000.[12]

Family Savings

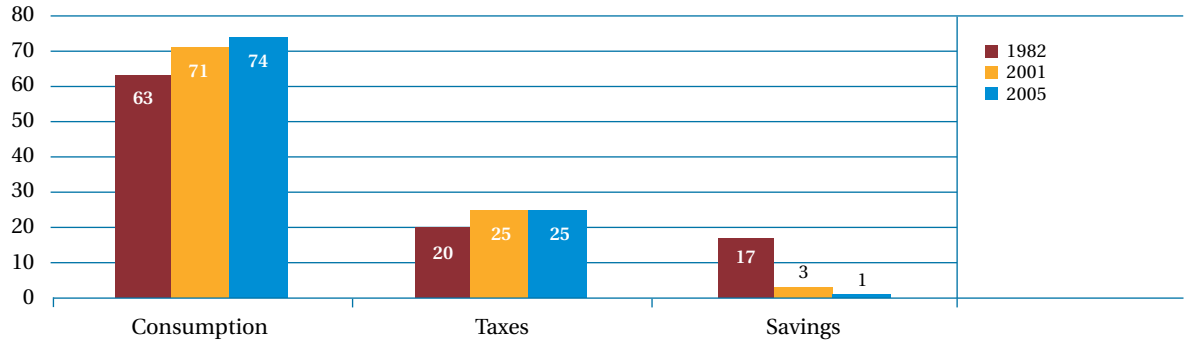
Another dimension of family finances to consider is savings. It is arguably easier for parents to contribute financially to their children's post-secondary education if that contribution can come from savings rather than current income—especially given the rise in the cost-to-income ratio just discussed. The amount of their income that Canadians families are saving, however, has declined significantly over the past 25 years. Whereas in 1982 they saved 17 cents of every dollar of income, in 2005 they saved only one cent (Chawla and Wannell, 2005; Statistics Canada, 2006a) (see Figure 4.IV.8).

Figure 4.IV.7 — Undergraduate University Tuition as a Proportion of Average After-Tax Income (Economic Families), by Income Quintile



Source: See Note 9.

Figure 4.IV.8 — Allocation by Household of Each Dollar of Personal Income Received



Source: Chawla and Wannell, 2005; Statistics Canada, 2007.

12. Technically, the fraction of income needed to cover average undergraduate university tuition grew by a similar degree for both high- and low-income families, roughly doubling in each case. Our argument, however, is that the change from 1.6 to 3.2 percent experienced by high-income families does not affect the affordability of higher education nearly as much as the change from 8.2 to 17.3 percent witnessed by low-income families.

As average savings have declined, the proportion of households that have "negative savings"—that is, who spend more than their income—has increased. In 1982, for instance, two in five (36 percent) households spent more than their income; 20 years later, the figure was almost one in two (47 percent) (Chawla and Wannell, 2005, 8).

Thus, as Chawla and Wannell (2005, 5-6) write, "the broad trends are clear: Canadians are now spending more on taxes and personal consumption than a generation ago and, as a result, are saving less of their income…Many households do save, but increasing numbers are slipping into the red and spending more than they earn in a year."

Once again, however, the situations of lower- and higher-income households are significantly different. Lower-income households are three times more likely to be in the red than higher-income households: in 2001, for instance, 66 percent of households with income below $20,000 spent more than they earned, compared with 23 percent of households above $100,000. Four in five low-income households whose main income recipient was under 45 years of age—and thus more likely to have children old enough to attend post-secondary education—had negative savings in 2001 (Chawla and Wannell, 2005, 8).

This trend is important given the emphasis that has been placed by public policy-makers in recent years on education savings programs. The federal government, for instance, has introduced various savings incentives,[13] including Registered Education Savings Plans (introduced in the early 1970s), the Canada Education Savings Grant (introduced in 1998) and the Canada Learning Bond (introduced in 2004). While these programs clearly benefit many—and take-up has been rising over time—the fact is that over time fewer families have found themselves with money to save. Lower-income families with the greatest need to save money to pay for their children's post-secondary education are of course the ones least likely to be able to do so.

If spending outstrips income, then families must finance their spending either by depleting what reserves they have or by borrowing. With regard to the latter scenario, both the proportion of families with debt and the amounts owed have been rising. In the short time between 1999 and 2005, the proportion of families with debt grew from 67.3 percent to 69.4 percent, while the median amount they owed grew by 38 percent (from $32,300 to $44,500 per family) and the total value of the debt they held grew by 47 percent (Statistics Canada, 2006b).

The return to income growth, even for lower-income families, in the period between 2000 and 2007 allowed many to manage their declining savings and escalating debt levels. Analysts assessing these trends have nonetheless argued that an increasing number of Canadian families are in a precarious financial situation. In particular, they are said to be poorly prepared to handle either unexpected costs or a general worsening of economic conditions. For example, it has been noted that "even with the temporary relief of a credit card or line of credit, 1 in 5 Canadians would not be able to handle an unforeseen expenditure of $5,000 and 1 in 10 would face difficulty in dealing with a $500 unforeseen expense" (Certified General Accountants Association of Canada, 2007, 22). In this chapter, however, we have seen that, historically, tuition and accommodation costs for students have undergone sudden, significant fluctuations; other costs—such as books—are hard for students to predict since they vary so much from one situation to another. Meanwhile, Canada's accountants have warned that "the steadily increasing indebtedness of households does heighten vulnerability to different types and intensities of shock" (Certified General Accountants Association of Canada, 2007, 11–12), such as the shock associated with a recession of the type that took hold at the end of 2008. As always, lower-income families are in the worst position: "The growing wealth dispersion since the mid-1980s suggests that Canadian families are becoming increasingly unequal in their capacity to mitigate negative income shocks or to initiate forward-looking strategies in good times" (Morissette and Zhang, 2006, 14). For these reasons, the affordability of post-secondary education remains a concern as Canadian families navigate the current change in economic conditions.

13. These programs will be discussed in more detail in Chapter 6.

Student Financial Assistance

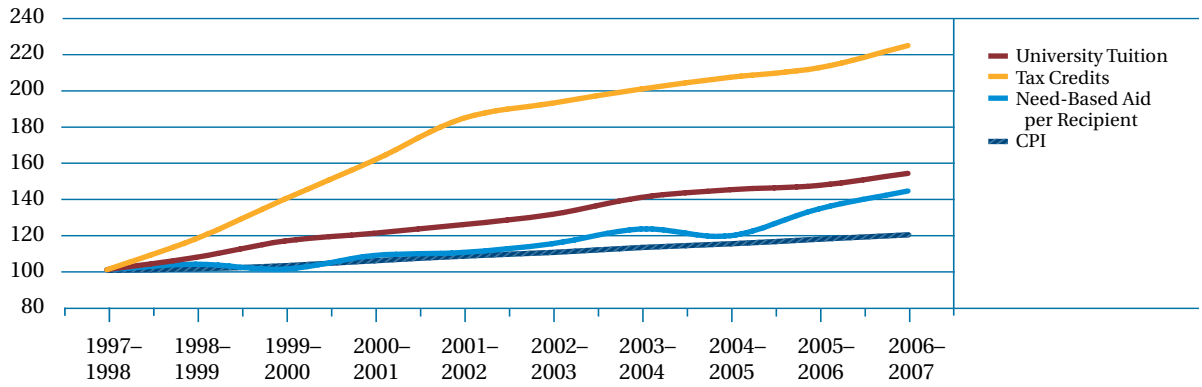
There are two distinct types of government financial support for post-secondary students (see Chapter 6 and Berger and Parkin, 2008). Need-based aid consists of direct support to students in the form of student loans, grants and loan reduction programs. Non-need-based or universal aid involves the provision of support, either directly (merit scholarships) or indirectly (tax credits, matching grants for education savings plans), to current and future students and their families regardless of their level of financial need.

Among students who completed undergraduate studies in 2009, 40 percent reported receiving government student aid at some point in their studies (Prairie Research Associates, 2009a). Meanwhile, 31 percent of college students in 2009 reported receiving a government loan or bursary during the current academic year (Prairie Research Associates, 2009b).

Education tax credits are of course available to all students, but their value in any given year is relatively modest. According to Usher and Duncan's analysis of 2005 data from Finance Canada (2008), 45 percent of all tax credits are used by the student in the year they are earned, 35 percent are transferred to family members and 20 percent are carried forward for future use. To put it another way, of the $1.9 billion in tax credit expenditures issued by the federal and provincial governments in 2006–07, $1.52 billion would have been used that year, with the remainder carried over to future years. Fewer students benefit from the tax-free earnings or matching grants available through RESPs, because not all parents choose or are able to save in this way. In 2008, just over 225,000 students benefitted from withdrawals from an RESP account, which represents approximately 14 per-cent of the post-secondary student popu-lation. The average withdrawal amount of $6,600, however, is relatively substantial (HRSDC, 2008, 17).

While the cost of post-secondary education has increased over and above the rate of inflation in recent years, increases in certain kinds of student financial support have kept pace. As Figures 4.IV.9

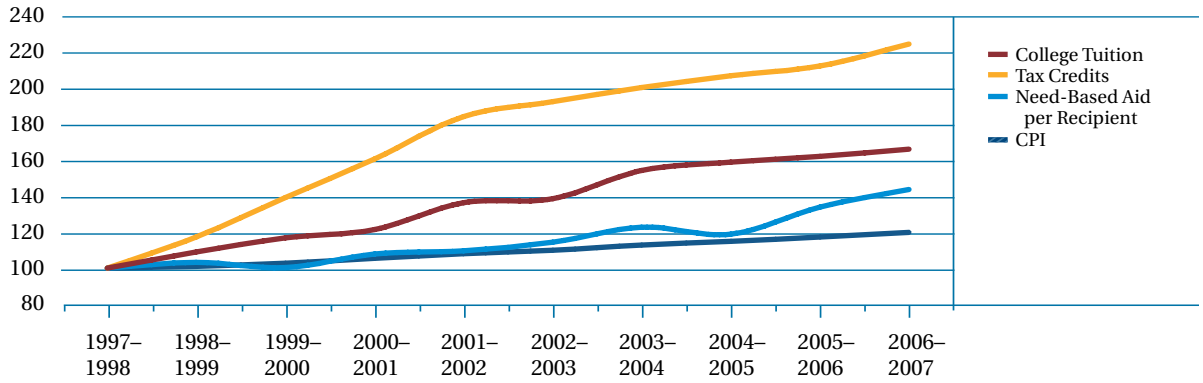
Figure 4.IV.9 — Change in University Tuition, Education Tax Credits, Need-Based Student Financial Aid per Recipient and Consumer Price Index in Canada, 1997–98 to 2006–07 (1997–98 = 100)



Note: "Need-based student financial aid" includes only loans, grants and loan remission.

Source: Statistics Canada, Tuition and Living Accommodation Costs Survey; Statistics Canada, PSIS; Statistics Canada, Consumer Price Index; Berger and Parkin, 2008.

Figure 4.IV.10 — Change in College Tuition, Educational Tax Credits, Need-Based Student Financial Aid per Recipient and Consumer Price Index in Canada, 1997–98 to 2006–07 (1997–98 = 100)



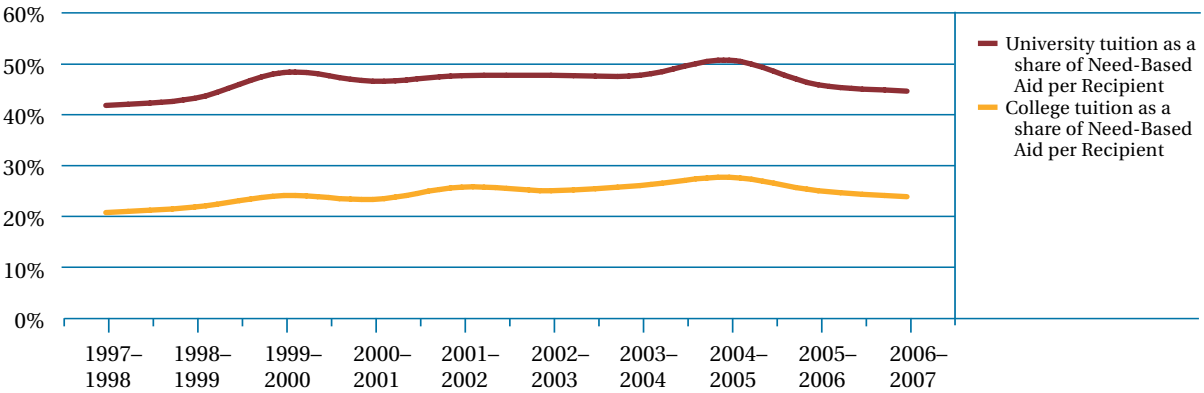
Note: "Need-based student financial aid" includes only loans, grants and loan remission. The college tuition amount excludes Quebec, which does not charge tuition fees.

Source: Statistics Canada, PSIS; Statistics Canada, Consumer Price Index; Manitoba Council on Post-Secondary Education, 2003, 2004 and 2007; Berger and Parkin, 2008.

and 4.IV.10 demonstrate, non-need-based aid (in the form of tax credits for students and their families) actually grew at a faster pace than both inflation and increases in university and college tuition for much of the last ten years.

In recent years, however, spending on need-based aid only (measured on a per-recipient basis to account for changes in enrolment) has not kept pace with increases in tuition, although it has increased at roughly the same rate as inflation. As Figure 4.IV.11 makes clear, the result is that tuition costs have increased as a share of need-based financial aid, leaving students who rely on student loans and grants with less to cover other costs such as accommodation. University tuition increased from 42 percent to 51 percent of need-based financial aid per recipient, while college tuition increased from 21 percent to 28 percent. The situation has improved slightly in recent years, however.[14]

Figure 4.IV.11 — University and College Tuition as a Share of Need-Based Student Financial Aid per Recipient in Canada, 1997–98 to 2006–07



Note: "Need-based student financial aid" includes only loans, grants and loan remission.

Source: Statistics Canada, Tuition and Living Accommodation Costs Survey; Manitoba Council on Post-Secondary Education, 2003, 2004 and 2007; Berger and Parkin, 2008

14. Changes in government spending in support of students will be discussed in more detail in Chapter 6.

These figures show why it is important to distinguish between need-based and non-need-based aid when examining government-supported student financial resources. While tax credits, the principal form of non-need-based aid, are *available* to all students, they cannot be *used* by all students. The credits, which are non-refundable, can only be used to reduce a student's income tax; students with little or no income tax to pay can either transfer the credits to a family member or carry them forward for future use (and they are not indexed to inflation). Wealthy families, then, can derive an immediate benefit from the tax credits, while low-income families might have to wait—often until several years after the study period—to use them. That tax credits are used disproportionately by the families of wealthy students is well known among post-secondary policy-makers.[15] That they alone have allowed student financial aid to keep up with rising tuition costs is not as well understood.

As we have demonstrated, need-based financial aid, measured on a per-recipient basis, increased by 44 percent between 1997–98 and 2006–07, somewhat above the measure of inflation but lower than tuition increases. Meanwhile, tax expenditures on support for post-secondary education increased by 224 percent. Wealthy families that rely on tax credits to pay for post-secondary education have thus benefitted from a large expansion of government-funded financial support. But low-income families, who often cannot use their tax credits, have seen tuition increases far outstrip growth in the kind of government support for which they qualify. As a result of this major trend in government spending on student financial support, higher education is now more affordable for wealthy families and less affordable for low-income Canadians.

Private Borrowing

For a number of reasons, students may need to rely on private loans from banks or credit cards to make ends meet. The reliance on private sources of lending raises a number of interesting questions. Why are students using bank loans or credit lines? Did these students apply for a government loan? What is the trend in credit use among students? Unfortunately, we have very limited information with which to shed light on these issues.

According to Statistics Canada's National Graduates Survey (NGS), 20 percent of college students who graduated in 2005 owed money to non-government sources, with the average amount owed being $9,000. The incidence and amount of private debt both went up since 2000, when 16 percent of college graduates owed an average of $7,611 to non-government sources. Twenty-six percent of bachelor's degree graduates owed an average of $14,600 to non-government sources in 2005. These figures are up from 2000, when 19 percent owed an average of $12,089 to non-government sources.[16]

More recently, in 2009, 20 percent of graduating university students reported having a loan from a financial institution to pay for their studies (Prairie Research Associates, 2009a). Among these students, the average loan was $14,862. A survey of college students in all years of study in 2009 revealed that 26 percent had accumulated an average of $3,052 in debt from financial institutions (Prairie Research Associates, 2009b).

Credit cards are commonly used by students. In 2009, nine in ten graduating university students reported having at least one credit card, and 24 percent reported carrying an average balance of $3,440 from month to month (Prairie Research Associates, 2009a).

15. See Neill (2007) for an authoritative assessment.

16. These figures have been adjusted to 2005 dollars. Furthermore, the NGS data are restricted to individuals who *only* had non-government debt. An additional nine percent of college graduates and 15 percent of university graduates owed debt both to government and non-government sources, although the amounts are not broken down by source. These percentages are up since 2000, from eight and 11 percent, respectively.

Myth: Private Borrowing Costs Less

Financial institutions specifically target students by offering a full-range of student-tailored products: "student" banking accounts, "student" credit cards and "student" lines of credit. A quick scan of major financial institutions' websites highlights the relatively aggressive marketing strategies they put forth. Promotional statements such as "lower borrowing costs than a student loan—pay interest only on the amount you actually use" to describe the advantages of a student line of credit are misleading: students do not pay any interest on government student loans as long as they are in school, nor does any interest accumulate. This is not the case for a line of credit: interest is owed immediately on the amount that has been borrowed. Moreover, at the end of their studies, students with government loans will only pay interest on the portion of the loan they owe, i.e., the amount they "actually" use, which is no different from the advertised advantage of a private line of credit. A few institutions offer a slightly more nuanced pitch by pointing out that lines of credits are a good instrument for students who are not eligible for government financial aid.

Students often emphasize the relative ease with which they can obtain credit cards, lines of credit or bank loans. During focus groups conducted for the MESA project,[17] some recipients of non-repayable millennium access bursaries suggested that the government was making money on their student loans and that they preferred borrowing from their bank (despite the fact that financial institutions will of course only issue loans under terms that are profitable to them). While it may not be a widespread view, such statements suggest that student financial aid has an image problem. Moreover, it suggests that improving the financial literacy of youth is essential.

That work should start at an early stage: before students begin post-secondary education. As noted in *Closing the Access Gap: Does Information Matter?*, high school seniors surveyed in 2005 were more likely to cite credit cards as a way of paying for their post-secondary education than scholarships, loans and bursaries (Canada Millennium Scholarship Foundation, 2006b).

The use of credit cards and lines of credit is not necessarily a bad thing. However, as pointed out in research undertaken by Lachance *et al.* (2005, 2006) on young adults in Quebec, it becomes a problem when there is a clear lack of knowledge of how credit works. Indeed, there is no direct link between the amount young adults owe on their credit cards and the extent of their knowledge about credit. This is particularly troubling given the high interest rate charged on outstanding credit card balances.

The challenge of improving financial literacy is not small. In Budget 2009, the federal government highlighted the importance of financial literacy and announced the creation of an independent task force on the topic.[18] "Financial literacy," the budget documents noted, "is the ability to understand personal and broader financial matters, apply that knowledge and assume responsibility for one's financial decisions. Financial literacy is an important life skill that empowers consumers to make the best financial decisions in their particular circumstances." The composition of the task force was announced in June 2009 and will focus in particular on youth. Recommendations are expected in the fall of 2010.[19]

17. The Measuring the Effectiveness of Student Aid (MESA) project is a four-year research effort being conducted by the Educational Policy Institute and the School of Policy Studies at Queen's University on behalf of the Canada Millennium Scholarship Foundation. Participating researchers were asked to write about issues of access and persistence in post-secondary education in Canada. Each of the papers commissioned during this project is available for downloading at www.mesa-project.org.

18. Finance Canada (2009), *Canada's Economic Action Plan: Budget 2009*, Chapter 3, p. 89 (available online at www.budget.gc.ca/2009/pdf/budget-planbugetaire-eng.pdf).

19. For more details, see the Action Plan website: www.actionplan.gc.ca/initiatives/eng/.

Chapter 4

V. How Under-Represented Students Make Ends Meet

In this section, we will discuss how specific groups of students make ends meet while in post-secondary education: low-income students, student parents, Aboriginal students and students with disabilities. For these students, who tend to be under-represented in higher education, the data clearly establish the importance that loans, whether from the government or private sources, play in helping making ends meet. Simply put, these students rely on student support policies to meet their needs.

Low-Income Students

While low-income students face a number of complex barriers to post-secondary education, it is clear that they must overcome financial obstacles to get a higher education. As described earlier, in recent years, undergraduate university tuition alone could represent more than 15 percent of the after-tax income of families in the lowest income quintile.

Many low-income students adopt different strategies to minimize their costs while in school, such as choosing lower-cost programs (see Ouellette, 2006) or living with their parents. While we have yet to fully understand how these choices are made, there is one important observation we can make: not all low-income students rely on student financial aid. According to the Youth in Transition Survey (Cohort A), by age 19, no more than half of students whose family income was below $50,000 when they were aged 15 relied on student loans.[20]

Policy-makers interested in easing the financial burden of low-income students (through programs such as the new Canada Student Grant Program) must be aware that not all students entitled to financial aid—including grants—will apply for it.

Table 4.V.1 — Proportion of Post-Secondary Students Who Had Received a Government Student Loan by Age 19 (2004)

Parental Income Level at Age 15	College	University
Less than $25,000	49.8%	52.9%
$25,000 to $50,000	40.6%	49.8%
$50,000 to $75,000	20.0%	30.3%
$75,000 to $100,000	8.5%	11.6%
$100,000 and up	4.2%	7.9%

Source: Educational Policy Institute, forthcoming; Youth in Transition Survey.

The evaluation of the Millennium Access Bursary Program offers a unique opportunity to gather information on low-income students who applied for student financial aid and received a bursary. A sample of bursary recipients was surveyed over the course of three years.

Table 4.V.2 presents the incidence and mean amount of income from different sources for low-income millennium access bursary recipients in their second year of study. While all of these students received a loan in their first year of post-secondary education, the proportion relying on student loans in the second year was only 85 percent.[21] Work during school plays an important role: 50 percent of students worked at some point or another during the year. College students were more likely to work than university students, and the same was true for women compared with men. It should be noted that, on average, these students need roughly $10,000 in income to fund a year of post-secondary studies.

20. Slightly different figures are derived from the Post-Secondary Education Participation Survey (PEPS). These findings are discussed in Chapter 6 and in the MESA 2008 annual report (Educational Policy Institute, forthcoming).

21. In most provinces, eligibility to receive the millennium access bursary is based on: 1) applying for and receiving student financial aid, and 2) meeting a low-income threshold that varies from province to province.

Student Parents

Aside from other constraints faced by a "typical" student, student parents also need to factor taking care of their child(ren) into the equation. A thorough report by Lero, *et al.* (2008) on student parents submitted to HRSDC provides unique information on this group of students.

Based on the National Graduates Survey, the authors compare the reliance on borrowing of parent and non-parent graduates. Table 4.V.3 shows that female parents were more likely to rely on government loans while in school. This is particularly true of single female parents: 80 percent of these graduates had received a government loan.

Differences between young parents and their colleagues of the same age are equally pronounced. Using the Youth in Transition Survey (Cohort B), Lero *et al.* show that 73 percent of student parents aged 22 to 24 rely on student loans, compared with 53 percent of non-parents.

Aboriginal Students

A commonly held view regarding Aboriginal students is that their post-secondary education costs are entirely covered by band funding. While we do not have data on the proportion of potentially eligible students supported through such funding, it is clear that:

Table 4.V.2 — Income Sources for Second-Year Students Who Received an Access Bursary in the Previous Year

	Loans		Bursaries		Summer Savings		Work Income While in School		Family Contributions		
	Incidence	Mean	Incidence	Mean	Incidence	Mean	Incidence	Mean (per Month)	Incidence	Mean	Total
All	84.6%	$6,319	42.5%	$1,953	63.3%	$2,475	50%	$579	46.8%	$1,083	$10,929
Female	84.7%	$6,458	43.9%	$1,975	61.3%	$2,251	53.4%	$533	44.5%	$997	$10,786
Male	84.4%	$6,096	40.2%	$1,914	66.4%	$2,807	44.5%	$665	50.4%	$1,222	$11,159
College	81.1%	$5,939	39.2%	$1,669	60.7%	$2,273	54.4%	$616	42%	$815	$10,096
University	86.7%	$6,401	44.7%	$2,095	65.7%	$2,584	47.6%	$551	49.8%	$1,230	$11,340

Source: Educational Policy Institute, forthcoming.

Table 4.V.3 — Information on Borrowing among Graduates (by Gender and Marital Status)

	Parent					Non-Parent				
	Single Female	Married Female	Divorced Female	Total Females	Males	Single Female	Married Female	Divorced Female	Total Females	Males
Received Government Loan	80%	45%	64%	54%	46%	50%	51%	33%	50%	48%
Borrowed from Other Sources	16%	16%	26%	18%	20%	22%	19%	15%	21%	24%
Bursaries/Grants	48%	24%	40%	31%	21%	22%	18%	21%	21%	18%
Scholarships	21%	20%	22%	20%	17%	32%	27%	18%	30%	28%

Note: The sample size for males is too small to be decomposed in the same way as for females.

Source: Lero *et al.* (2008); NGS data (2002).

Table 4.V.4 — Income Sources for Second-Year Students Who Received an Access Bursary in the Previous Year, by Aboriginal Status

	Loans		Bursaries		Summer Savings		Work Income While in School		Family Contributions		
	Incidence	Mean	Incidence	Mean	Incidence	Mean	Incidence	Mean (per Month)	Incidence	Mean	Total
Non-Aboriginal	84.7%	$6,481	42.1%	$2,032	70.3%	$2,678	51%	$586	46.2%	$973	$11,384
Aboriginal	79.5%	$10,040	31%	$2,097	35.4%	$1,779	40.5%	$736	37%	$715	$12,051

Source: Educational Policy Institute, forthcoming.

1) not all Aboriginal or even First Nations students receive band funding; and

2) when they do receive band funding, it does not cover all their costs (see Berger and Parkin, 2008, for more details).

Preliminary results from a recent survey of Aboriginal peoples living in Canada's main urban centres provide some insight into the financial issues facing Aboriginal students. The Urban Aboriginal Peoples Study (UAPS)[22] found that, among those surveyed who were attending post-secondary education, only 40 percent received funding from a band. This number was naturally higher among those who identified as First Nations—67 percent. Still, it remains clear that band funding is far from universally available for these students.

The survey further shows that only 26 percent of urban Aboriginal post-secondary students rely on personal or family savings or income from employment as their primary source of funding for their studies. Among those identifying themselves as First Nations, the figure is 15 percent. By comparison, two-thirds of the post-secondary students surveyed in the Class of 2003 study, the vast majority of whom were not Aboriginal, relied primarily on these sources of funding (Malatest, 2007).

The difference in access to family savings is hardly surprising given that the UAPS also shows that only 34 percent of the urban Aboriginal respondents with children are currently saving money to pay for their children's education after high school. This compares to 75 percent of a general population sample also surveyed by the UAPS.

Given the lack of personal and family savings, many Aboriginal students rely on government student loans and bursaries. Data from the MESA project allow a breakdown of the means of financing post-secondary education used by Aboriginal students who received a millennium access bursary.[23] As shown in Table 4.V.4, 80 percent of Aboriginal students who received an access bursary in their first year of study received financial aid in their second year. While the percentage relying on loans was lower than the same figure for non-Aboriginal students, the mean amount borrowed was much higher: about $10,000 compared with a little more than $6,400.

The LE,NONET project, based at the University of Victoria and funded by the Canada Millennium Scholarship Foundation, offers slightly different information (in large part because LE,NONET participants did not have to apply for student financial

22. Preliminary unpublished results of this study were made available by the Environics Institute to the authors.

23. It is important to remember that Aboriginal students in Manitoba and Saskatchewan qualified for a bursary independently of family income. This caveat should be borne in mind when considering the comparison with non-Aboriginal access bursary recipients (strictly speaking, we are not comparing equivalent groups of students).

aid to receive a bursary). Table 4.V.5 shows the six main sources of funding for Aboriginal students participating in the project.

Table 4.V.5 — Main Sources of Funding for LE,NONET Project Participants

Source	Proportion
Band sponsorship	33%
Work	39%
Bursaries	39%
Scholarships (merit-based)	29%
Student loans	39%
Savings	28%

Source: University of Victoria, 2008.

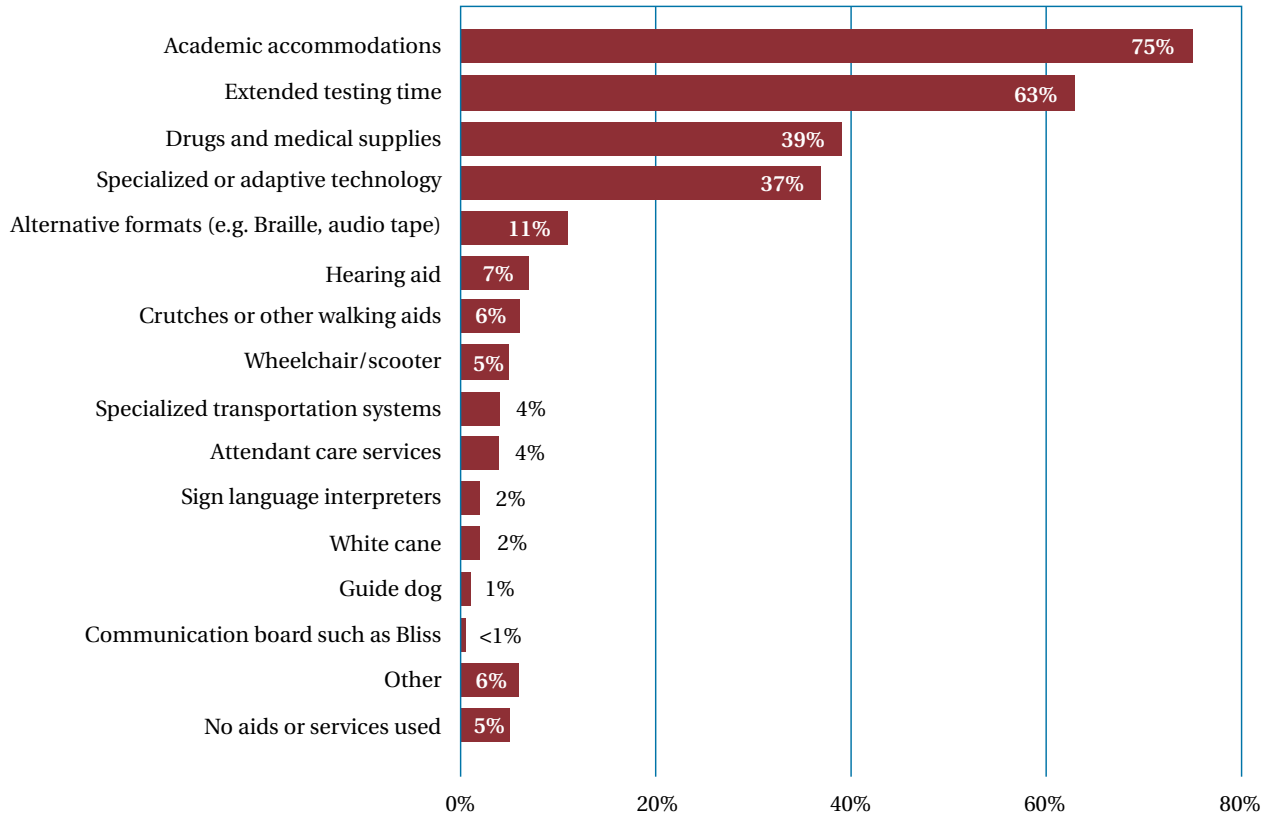
Students with Disabilities

Students with disabilities often face extra costs associated with the different kinds of aids they need to pursue their studies. According to a recent survey of 1,026 Canadian students with disabilities, only five percent did not require a specific aid or service on a daily basis.

Figure 4.V.1 shows the reliance on different kinds of aids by students with disabilities. While there is often no cost related to receiving academic accommodation or extra extended testing time, drugs and medical supplies or specialized technology are certainly more expensive.

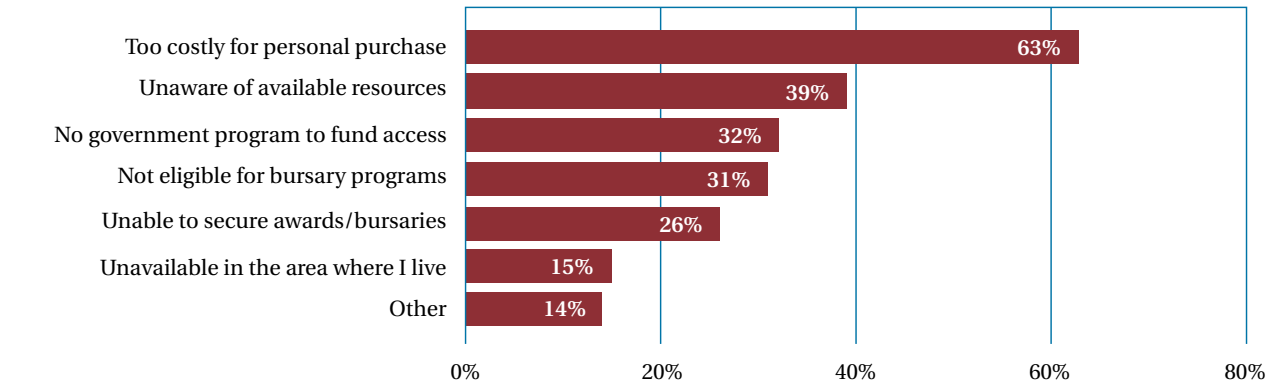
About one-third of the survey respondents mentioned that there were types of aid they would use

Figure 4.V.1 — Types of Aids and Services Used by Students with Disabilities



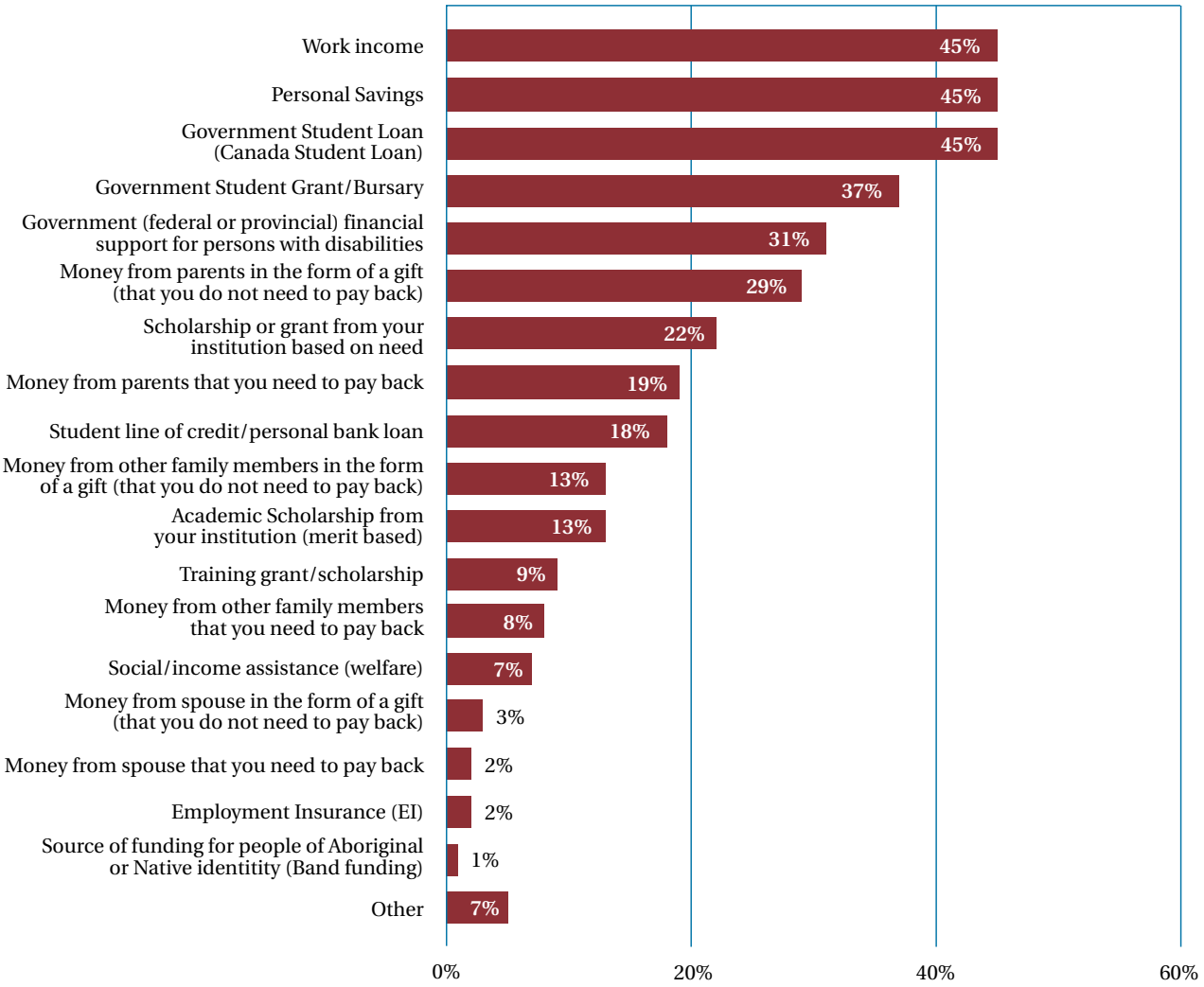
Note: n=1,026
Source: Chambers *et al.*, forthcoming.

Figure 4.V.2 — Reasons for Not Accessing Aids and Services



Source: Chambers *et al.*, forthcoming.

Figure 4.V.3 — Sources of Income for Students with Disabilities



Source: Chambers *et al.*, forthcoming.

but did not have access to. When asked why they were not accessing these services, cost was often cited as the chief reason, whether because it was "too costly for personal purchase, there was "no government program to fund" it or the student was "not eligible for bursary program" (Figure 4.V.2).

In terms of sources of income (see Figure 4.V.3), students with disabilities rely mostly on government loans, personal savings and work. About two in ten students said they were getting money from their institution.

While only 18 percent of survey respondents said they had a line of credit or a bank loan, the amount they relied on was on average the highest among under-represented students (Table 4.V.6).

Table 4.V.6 — Sources of Annual Income for Students with Disabilities (Mean Amounts)

Source	Mean Amount
Student line of credit/personal bank loan	$9,071
Government student loan (Canada Student Loan)	$7,864
Work income	$7,241
Other	$7,113
Training grant/scholarship	$6,688
Money from spouse in the form of a gift (that does not need to be paid back)	$6,544
Employment insurance (EI)	$6,473
Money from parents in the form of a gift (that does not need to be paid back)	$5,518
Academic scholarship from institution (merit-based)	$5,269
Social/income assistance (welfare)	$5,066
Source of funding for people of Aboriginal or Native identity (band funding)	$4,319
Money from spouse that has to be paid back	$4,009
Money from parents that has to be paid back	$3,731
Government student grant/bursary	$3,701
Personal savings	$3,651
Government (federal or provincial) financial support for persons with disabilities	$3,580
Money from other family members that has to be paid back	$3,496
Scholarship or grant from institution (need-based)	$2,285
Money from other family members in the form of a gift (that does not need to be paid back)	$2,185

Source: Chambers *et al.*, forthcoming.

Chapter 4

VI. Conclusion

Has post-secondary education become more or less affordable over time? The costs students face, including but not limited to tuition and fees, books, accommodations and transit, have been increasing at a faster pace than inflation. We cannot, however, end the discussion there. After all, if student resources have been growing as quickly as their costs, one could argue that post-secondary education has remained as affordable as ever. Our review of the evolution of students' resources, however, suggests that particularly for low-income families, revenues have not kept pace with rising post-secondary costs.

This observation should be a preoccupation for policy-makers: if we want to increase the participation of this under-represented group, at the very least we should make sure that the costs of attending post-secondary education do not represent a disproportionate share of their income. This means making sure that financial aid programs are well designed and include an appropriate mix of grant and loans.

To a large extent, this is what we already have in Canada—even more so as of the fall of 2009, with the introduction of the new Canada Student Grants Program. But the challenge does not end here, as not all low-income students make use of financial aid. Finding ways to reach out to these students and provide them with the support they need will be one of the challenges of the next decade.

The discussion of students' costs and resources is by no means limited to determining what students need to have in hand to cover their costs over a year of study. Indeed, what students need to pay feeds into the bigger issue of the rate of return to education: when everything else is held constant, the higher the costs of education, the lower the returns. In order to entice people to invest in education, we need to find means to lower the costs of higher education to a manageable level. For students who rely on government tax credits and family savings, the return to higher education is a no-brainer—and affordability a challenge that can be overcome. For individuals relying on financial aid and employment income that has been struggling to keep up with rapidly increasing costs, the benefits of post-secondary education are obscured by the immediate financial obstacles in the way.

The next decade will require that post-secondary education stakeholders and policy-makers find ways to make sure that studying does not pose an insurmountable financial burden, seeing groups of students already under-represented in higher education increasingly left behind.