

Student Debt in Canada

The Argument:

More than half of Canadian students graduate with debt. The latest figures suggest that six in ten university graduates and 45 percent of college graduates have amassed some student debt while in school. In 2009, university undergraduates who borrowed to pay for their studies graduated owing an average of \$26,680; for college graduates, the figure was \$13,600 (although as we will discuss below, debt levels vary significantly from one province to another). These students have decided that the long-term benefits of post-secondary education are worth the short-term financial sacrifices associated with having debt upon graduation.

Most students who borrow do so through government student aid programs: that is, governments lend students money to cover their educational and living costs. Government student loans are typically interest-free during the study period, and the first payment is not due until six months after studies end, although interest does accumulate during this six-month “grace period.” Some students, out of either choice or necessity (e.g., if they are ineligible for publicly funded financial aid), opt for loans from banks, friends or family members.

This chapter chronicles student debt in Canada over the past decade. In it, we describe the impact of debt reduction measures introduced at the end of the 1990s on student debt, as well as assessing more recent trends.

What’s New

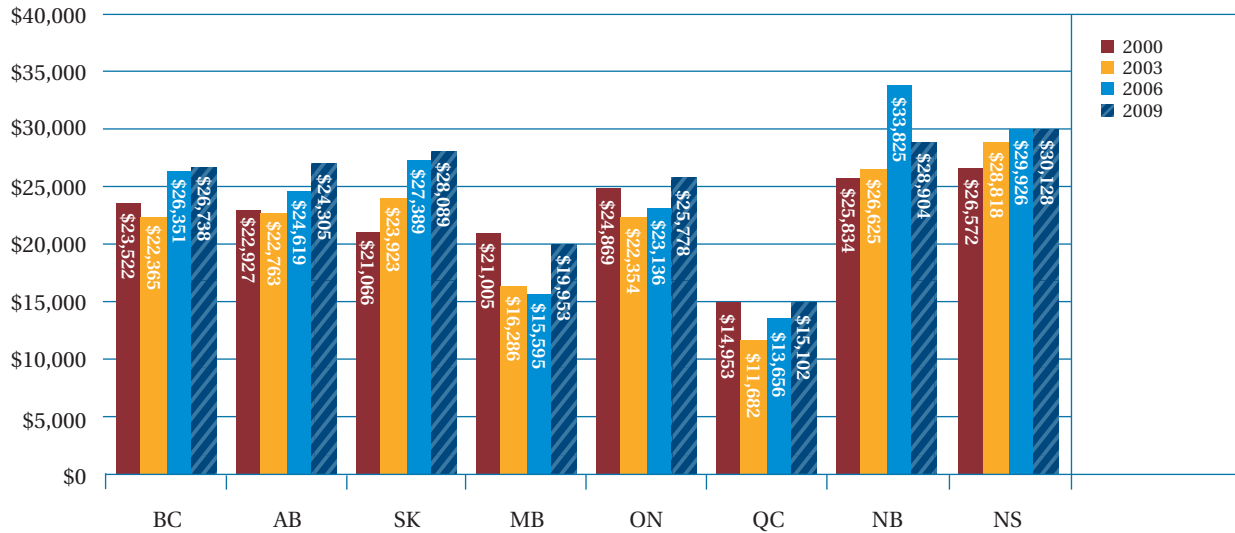
The chapter includes custom tabulations of the most recent data from Statistics Canada’s National Graduates Survey, as well as the findings of the Canadian University Survey Consortium’s 2009 Graduating Students Survey and the 2009 Canadian College Student Survey.

Key Facts:

- According to Statistics Canada’s National Graduates Survey (NGS), the incidence of debt among undergraduates who finished their studies in 2005 was only one percentage point higher than that of graduates from the class of 2000 (54 percent). Furthermore, the amount of debt, after controlling for inflation, had actually declined slightly, from \$24,706 in 2000 to \$24,548 in 2005.
- A more or less similar pattern emerges from the results of the Canadian University Survey Consortium’s triennial survey of students in their last year of undergraduate studies. In the early part of the decade, debt levels fell. In 2000, CUSC respondents who borrowed reported having accumulated \$24,448 in debt. By 2003, that amount had declined to \$22,541 (the incidence of student debt, however, increased slightly from 56 percent in 2000 to 59 percent in 2003).
- According to the CUSC, by 2006—one year after the most recent Statistics Canada data, which showed a decline between 2000 and 2005—debt levels had started rising again, reaching a level three percent higher than in 2000 (\$25,275). The results of the 2009 survey reveal that debt has increased a further five percent since 2006, to \$26,680.
- In short, average student debt for university undergraduates dipped slightly in the early part of this decade before beginning to rise again at a relatively moderate pace. The bottom line is that while student debt doubled between 1990 and 2000, it has increased by only nine percent in the nine years since 2000.
- According to the Canadian College Student Survey Consortium (CCSSC), the proportion of students (not graduates, but students at all levels of study) reporting already having more than \$15,000 of debt increased from six percent in 2003 to eight percent in 2004 and 13 percent in 2005.

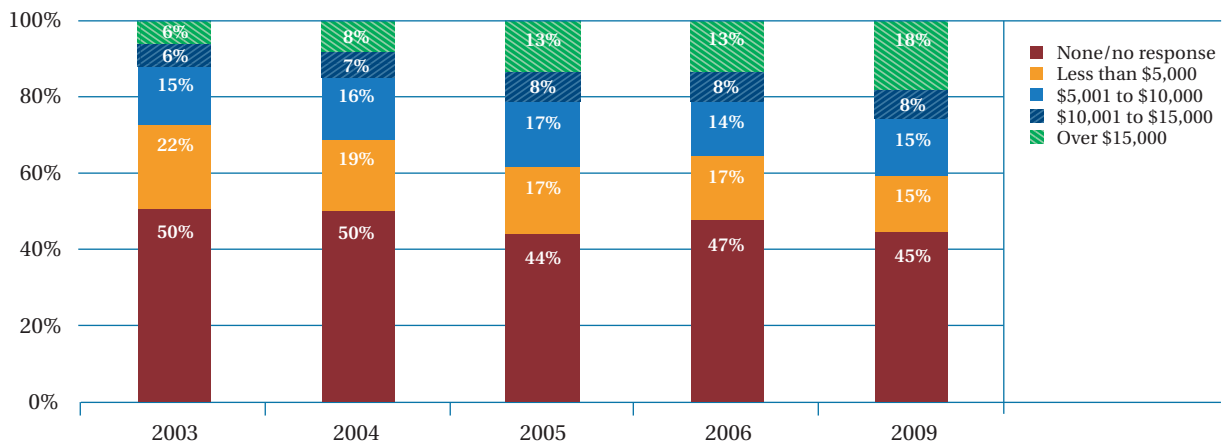
- The 2009 College Student Survey reveals that this trend is continuing: 55 percent of college students have debt, and 18 percent of them owe more than \$15,000. Among those who had less than one year of study left in 2009, 62 percent reported expecting to accumulate some debt, with 24 percent expecting to owe more than \$15,000. Since 2003, therefore, the proportion of students with more than \$15,000 of debt has tripled, rising from six percent to 18 percent.

Figure 1 — Average Amount of Student Debt in Canada among Bachelor’s Degree Graduates with Debt from 2000 to 2009, by Province



Source: CUSC, Graduating Students Survey, 2000, 2003, 2006, 2009.

Figure 2 — College Student Debt in Canada in 2003–2006 and 2009



Source: CCSSC, College Student Survey.