

# Canadian Student Survey

Next Steps: Upper-Year Canadian PSE Students' Future Plans and Debt

## **March 2010**

The Canadian Student Survey is a project by the Canadian Alliance of Student Associations, in partnership with the Council of Alberta University Students, the Ontario Undergraduate Student Alliance, and the Alliance of Nova Scotia Student Associations.

## Executive Summary

This report, “Next Steps: Upper-Year Canadian PSE Students’ Debt and Aspirations,” is the second in a series of three research papers that are being published using the results of the Canadian Student Survey.

This research report focuses on upper-year students (i.e. fourth- and fifth-year students), and explores their future plans, accumulated debt and the intersection of the two. The research found that Canada’s soon-to-be-graduates are nervous about entering the workforce and finding jobs to suit their newly-obtained credentials. Canada’s soon-to-be-graduates are also planning to pursue further post-secondary education, particularly Masters programs; most plan to pursue those plans within a couple of years of completing their undergraduate education.

Canadian post-secondary students are accumulating debt from government, family and private sources, and two-thirds of them have accumulated debt from one or more of those sources; 5% have accumulated debt from all three of those sources. The median accumulated debt for all types of debt was \$20,000, with students from families with lower socio-economic status and from the Maritimes reporting the highest levels of debt. With these debt levels, 5% interest on repayment and median expected salaries of \$50,000, nearly 20% of students should expect to spend 10% or more of their monthly income on debt repayment while 4% should expect to spend 20% or more. These numbers are likely to increase as students slightly over-estimated their expected annual salaries and interest rates are currently at rock-bottom levels and are likely to increase in the coming months.

Whether cognizant or not of this pending reality, upper-year Canadian students are concerned about their ability to repay their debt and are even more concerned about the time it will take them to repay their debt. These concerns increased with debt load. Students with debt were also more concerned than those without debt regarding finding a job in their field of study, a job with a salary they desired and a job in a place they desired to live. Students with debt also reported that they were slightly less likely to remain and find a job in their field of study in their province of study after completing their current degree program than their counterparts without debt

Students with the highest debt loads were more likely to not be sure about if and when they would enrol in further post-secondary education compared to those students who have low-debt and all students.

The first of its kind in Canada, the Canadian Student Survey was a bilingual, multi-institutional survey conducted on university campuses across the country in the fall term of the 2009-10 academic year. The survey was designed and coordinated by students and strived to engage the entire student body to share their opinions and experiences about post-secondary education. A collaboration between the Canadian Alliance of Student Associations (CASA) and its regional and institutional partners, including the Ontario Undergraduate Student Alliance (OUSA), Council of Alberta University Students (CAUS) and Alliance of Nova Scotia Student Associations (ANSSA), the goal of this project was to work with national, provincial and

institutional student leaders, stakeholders and policymakers to improve higher education in Canada for current and future students. The Canadian Education Project (CanEd), part of the Higher Education Strategy Associates, administered the survey as well as cleaned, analyzed and reported on the survey data.

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## Project Introduction and Background

The Canadian Student Survey was a bilingual, multi-institutional survey conducted on university campuses across the country in the fall term of the 2009-10 academic year. The first project of its kind in Canada, the survey was designed and coordinated by students; it strived to engage the entire student body to share their opinions and experiences about post-secondary education. The end goal of this project was to work with national, provincial and institutional student leaders, stakeholders and policymakers to improve higher education in Canada for current and future students.

This project was a collaboration between the Canadian Alliance of Student Associations (CASA) and its regional and institutional partners, including the Ontario Undergraduate Student Alliance (OUSA), Council of Alberta University Students (CAUS) and Alliance of Nova Scotia Student Associations (ANSSA). The survey was administered by the Canadian Education Project (CanEd), part of the Higher Education Strategy Associates; CanEd was also responsible for cleaning, analysing and reporting on the survey data.

## Canadian Student Survey Data Collection and Reporting

The Canadian Student Survey instrument contained a mixture of multiple choice and user-inputted response questions and was composed of six different modules:

- Background information
- Paying for PSE
- Expenditures
- Financial Aid Literacy
- Policy Choices
- Demographics

The Ontario and Alberta provincial and institutional groups designed province-specific modules, which were only visible to students who indicated that they were enrolled in PSE in those provinces. The base survey was 52 questions in length; the Alberta version had a total of 56 questions and the Ontario version had a total of 57 questions. The survey took approximately 15-20 minutes to complete.

The full survey results and findings will be released through a series of research reports, of which this is the first. Following is an outline of each Canadian Student Survey research report:

### **1. Report One: Summer Work and Paying for Post-Secondary Education**

This report focused on student work during the summer of 2009 and other ways that Canadian students pay for post-secondary education.

### **2. Report Two: Student Debt and Future Employment**

This report focuses on the accumulated debt of Canadian post-secondary students and looks at student levels of confidence in their ability to repay their debt, the time it will take and the impact of their debt levels on potential choices they might make about

their futures. It will also explore student feelings toward future employment prospects and the intersection between debt levels and these feelings.

### 3. **Report Three: Financial Aid Literacy**

This report will focus on Canadian student knowledge about financial aid. It will explore differences among various types of students, including those from different socio-economic backgrounds and provinces, and look at the intersection between this knowledge and feelings toward and behaviours around financing post-secondary education.

## **Report Two Summary: Future Plans and Debt of Upper-Year Students**

This research report focuses on upper-year Canadian post-secondary education students, i.e. fourth- and fifth-year students, who are expected to complete their studies this year or next. It explores their educational and occupational plans, their accumulated debt and the impact of debt on those future plans. This research report covers the following research areas:

### 1) **Further Post-Secondary Education Aspirations**

This section overviews the future educational plans of upper-year post-secondary students, including if and when they plan to pursue further post-secondary education.

### 2) **Future Job Prospects**

This section overviews the future occupational plans of upper-year post-secondary students, including how they feel about their future job prospects and what they expect to earn annually.

### 3) **Accumulated Debt and Borrowing**

This section looks accumulated debt and borrowing among upper-year students, including an exploration of the sources of debt, median accumulated levels and repayment expectations based on expected median salaries.

### 4) **Impact of Debt on Future Plans**

This final section explores the impact of debt on future plans, specifically looking at differences between borrowers and non-borrowers as well as those borrowers with various levels of accumulated debt.



## Survey Methodology and Sample

The research took place during November 2009 and participants were invited to participate in the research via email and directed to a secure website, into which they had to log in either using their institutional email address or a unique login that they were assigned for the purposes of this survey. The survey was open for a period of three weeks, and students were sent a follow-up email during the second week of the survey to remind them to complete the survey.

A total of 21,634 individuals from 17 different universities responded to the Canadian Student Survey in either English or French. The breakdown of responses by instrument is given in Table 1.<sup>1</sup>

**Table 1: Responses by Survey Instrument Language**

Survey Language	Total Survey Responses	Full-Time Undergraduate Responses
French	1,084	876
English	20,550	17,888
<b>Total</b>	<b>21,634</b>	<b>18,764</b>

Of the initial sample, only the records of full-time undergraduate students were retained for further analysis.<sup>2</sup>

A breakdown of institutional participation is illustrated in Table 2 below.

**Table 2: List of Institutions, Number of Respondents and Percentage of Sample**

Institution	Respondents	% of sample
Queen's University	1,721	9.2%
McMaster University	302	1.6%
University of Western Ontario	2,572	13.8%
University of Waterloo	1,280	6.9%
Wilfrid Laurier University	1,420	7.6%
University of Windsor	884	4.7%
Brock University	2,155	11.6%
University of Alberta	2,634	14.1%
University of Calgary	242	1.3%
University of Lethbridge	861	4.6%
University of Moncton	882	4.7%
University of New Brunswick	291	1.6%

<sup>1</sup> This methodology section has reported unweighted data to provide information on the characteristics of the sample itself all subsequent sections report results that are weighted to be representative of gender and institutional enrolment numbers. The one exception is when the actual number of students who answered a given question is stated (i.e. N = 2,975); these sample sizes are presented unweighted. Corresponding percentage breakdowns, however, are weighted. As such, when a table lists both number of responses and percentages, the two may not agree, due to the weight that has been applied to obtain the percentages.

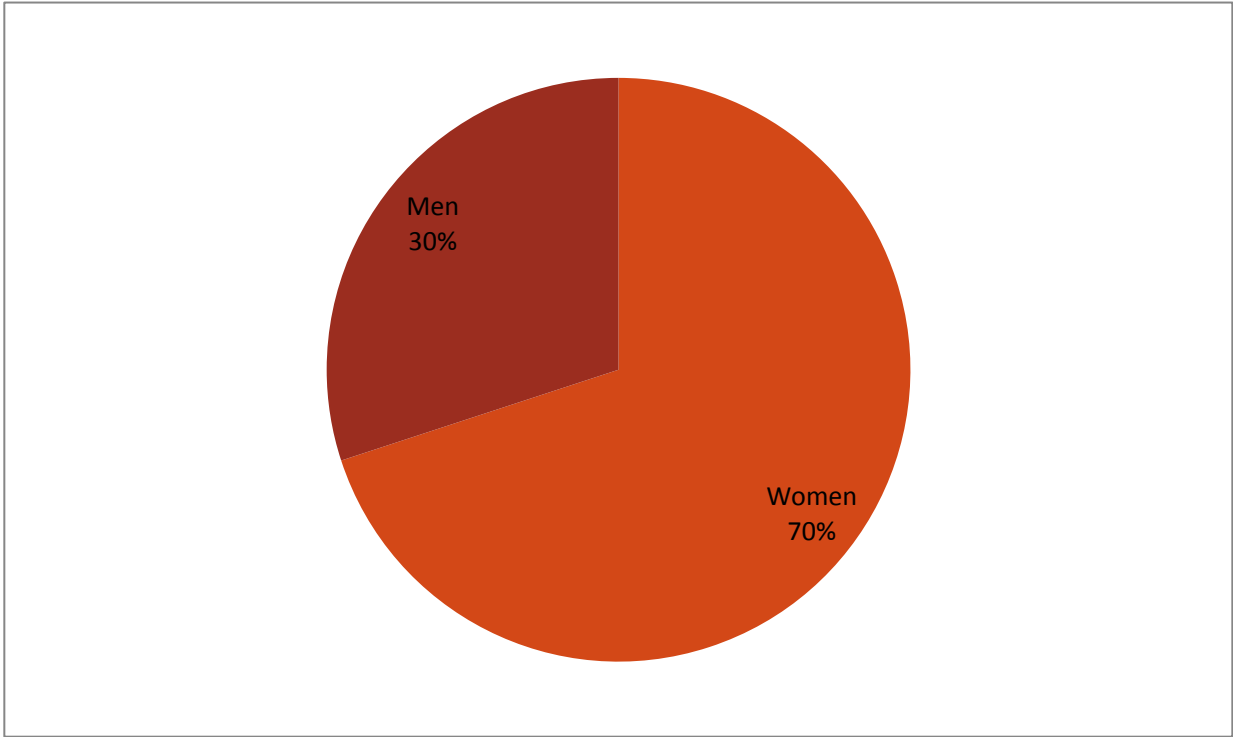
<sup>2</sup> A respondent was considered an undergraduate student if they indicated that they were studying for a "University Undergraduate Certificate or Diploma (below a Bachelor's Degree)" or a "University Bachelor's Degree (e.g. B.A., B.Sc., B.Ed.)."

<b>Saint Mary's University</b>	741	4.0%
<b>Acadia University</b>	279	1.5%
<b>St. Francis-Xavier University</b>	542	2.9%
<b>Dalhousie University</b>	1,123	6.0%
<b>Cape Breton University</b>	270	1.4%
<b>University of Prince Edward Island</b>	428	2.3%
<b>Total</b>	<b>18,628</b>	<b>100%</b>

The following figures illustrate the survey participants by gender, age, parental education, language spoken at home, high school province, year of studies, type of degree program and program of study. Because survey participants were overly female, the data for each institution was weighted to reflect the gender breakdown for each institution. As well, the data were weighted to reflect 2007 full-time undergraduate enrolment data from Statistics Canada's Postsecondary Student Information System (PSIS).

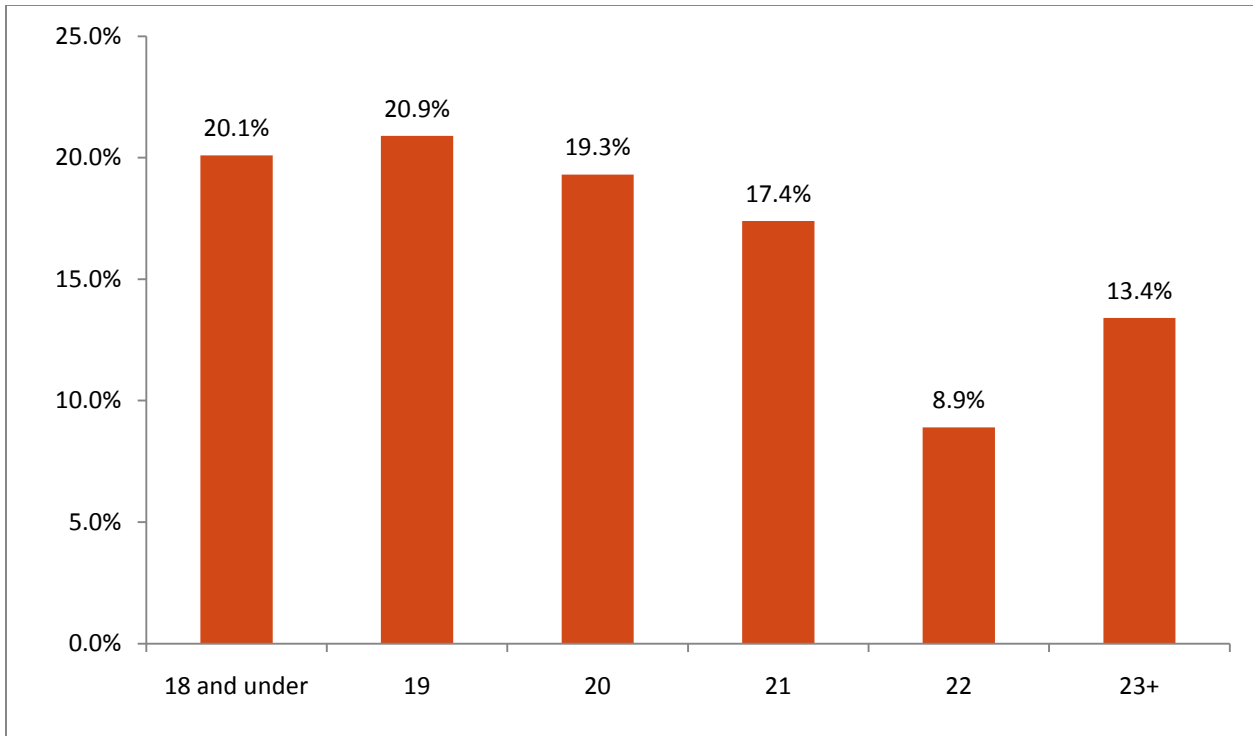
70% of survey respondents were female, while 30% were male, as show in Figure 1.

**Figure 1: Survey Participants by Gender**



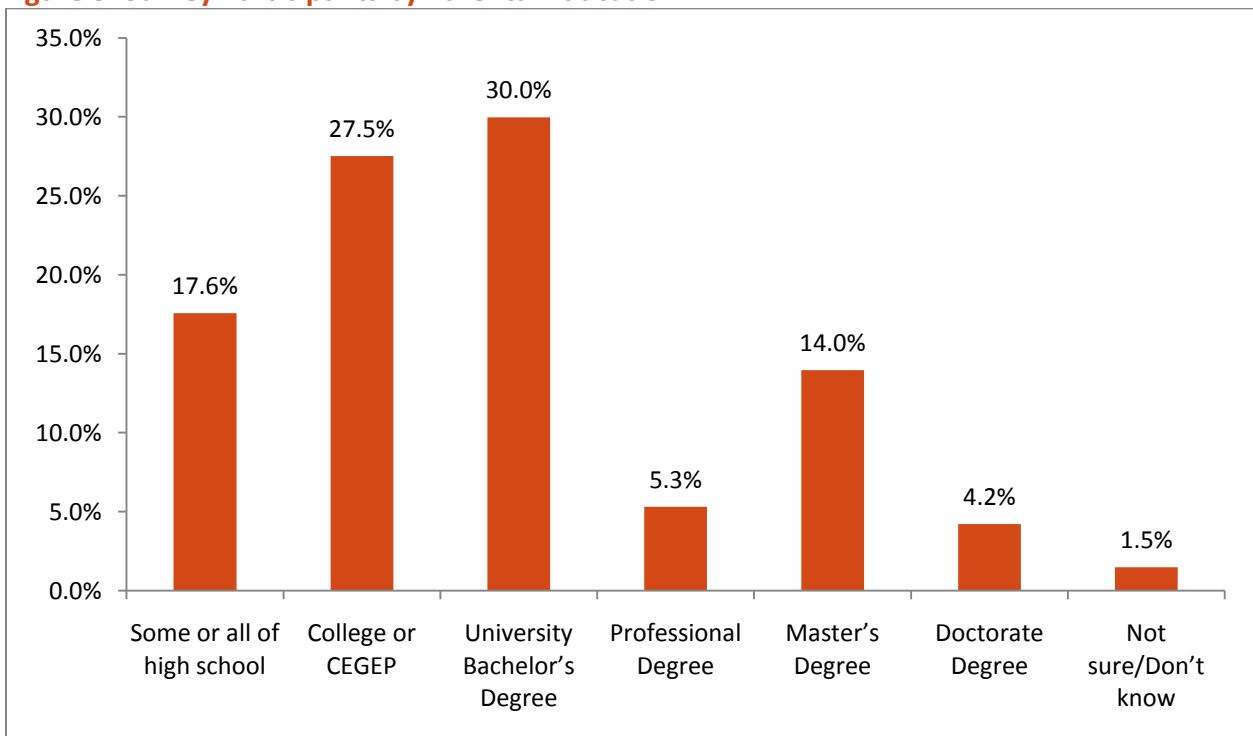
The median age of survey participants was age 19, with a distribution between those aged between 18 and 21, as shown below in Figure 2.

**Figure 2: Survey Participants by Age**



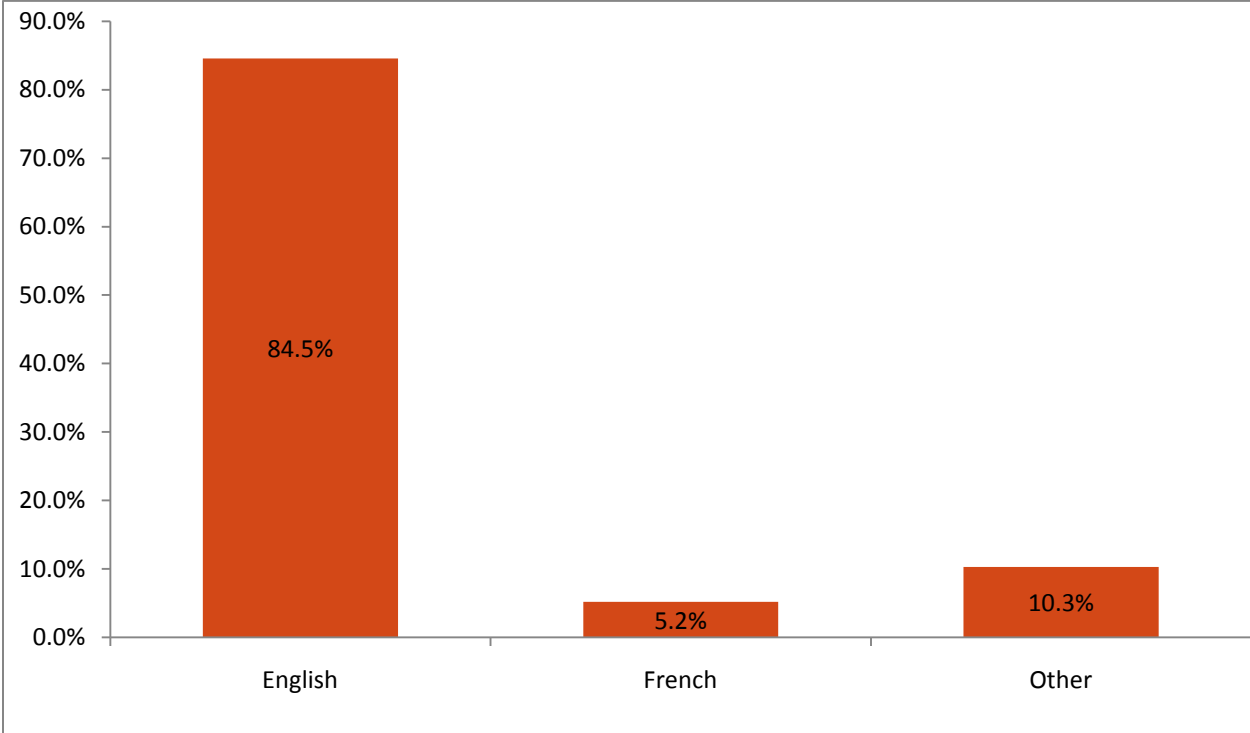
More than half (53.5%) of survey participants reported that their parents had a university education or higher, while 27.5% had a college or CEGEP education and 17.6% had some or completed high school, as shown below in Figure 3.

**Figure 3: Survey Participants by Parental Education**



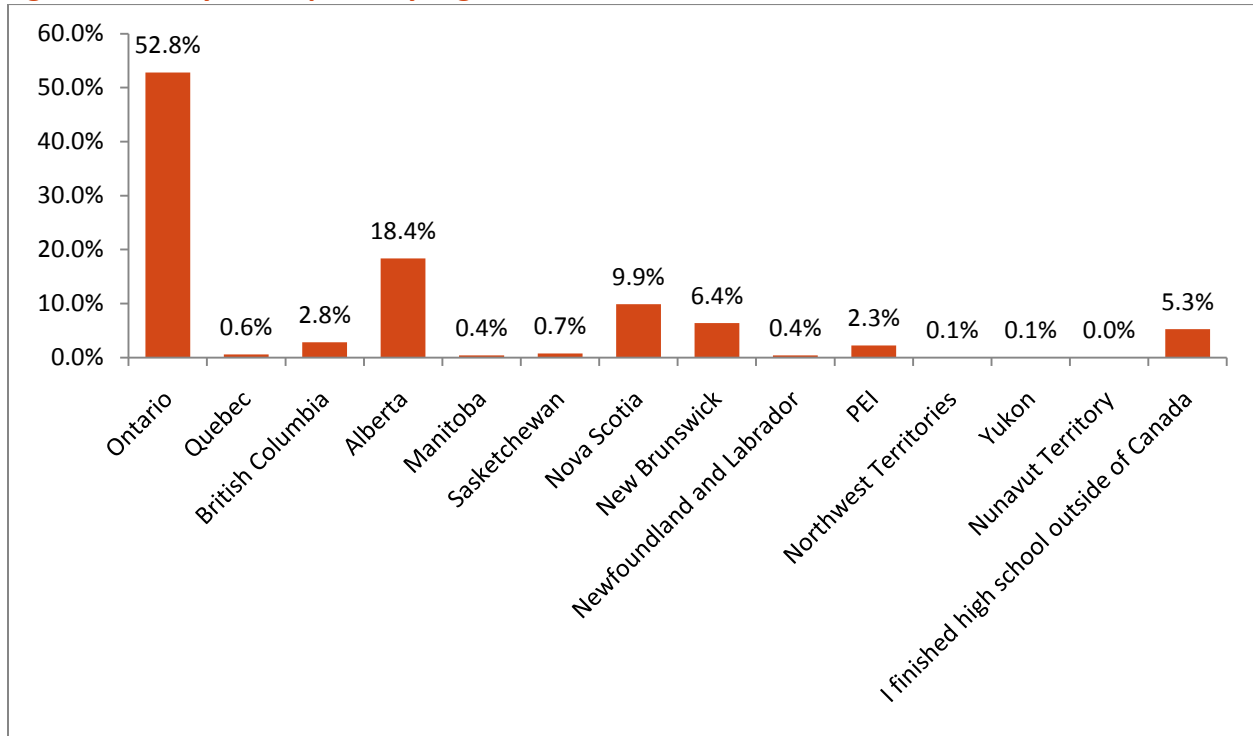
84.5% of survey participants reported that they spoke English at home while just 5% reported coming from Francophone homes. 10.3% said that they spoke a language other than English or French at their home, as shown below in Figure 4.

**Figure 4: Survey Participants by Language Spoken at Home**



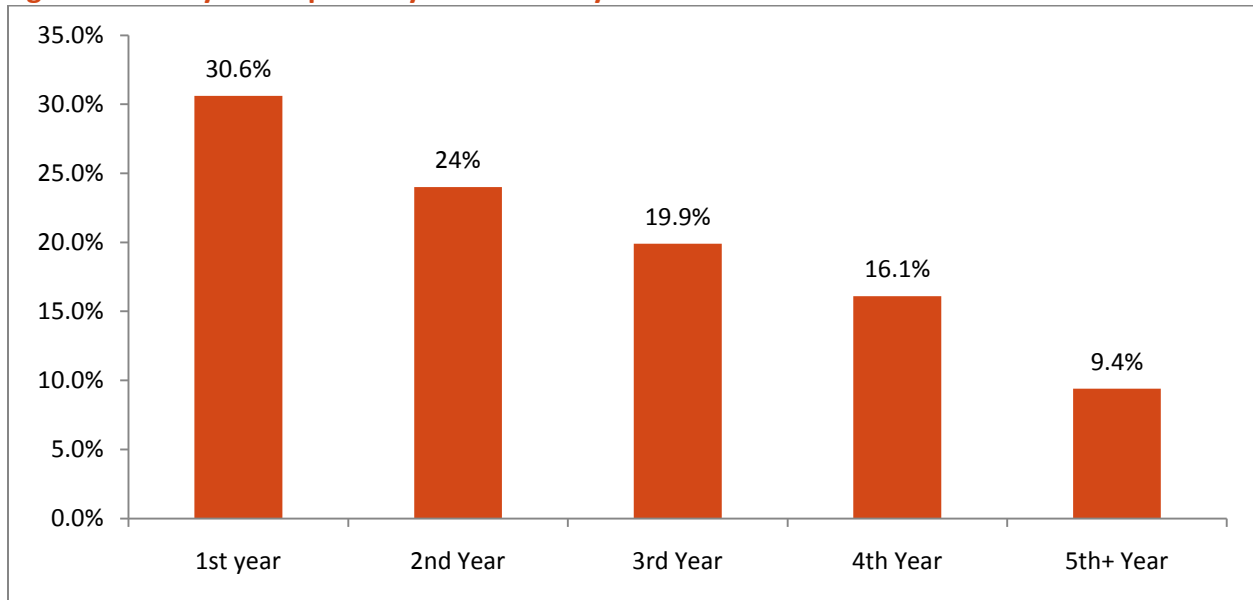
Participants were asked to report the province in which they went to high school. More than half of the survey respondents reported that they attended high school in Ontario. The second largest group went to high school in Alberta, as shown in Figure 5.

**Figure 5: Survey Participants by High School Province**



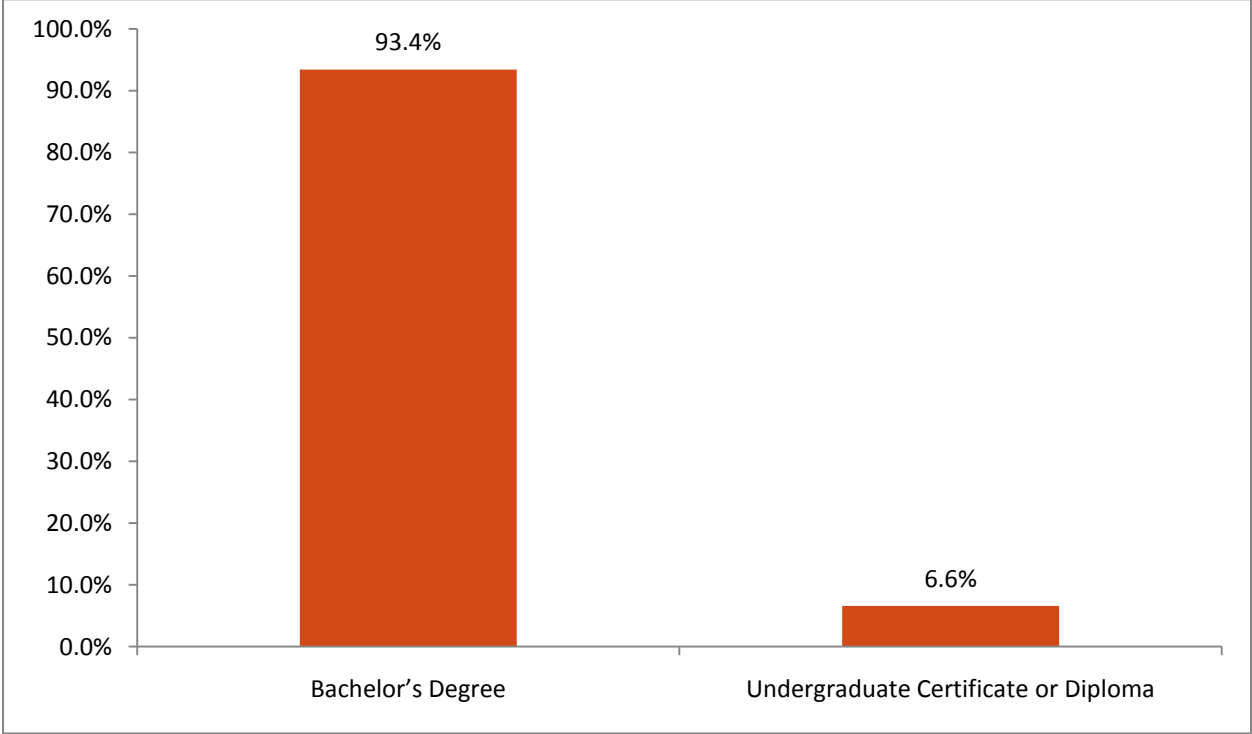
Some 30% of survey respondents reported that they were in their first year of study; 24% said that they were in their second year and 20% in their third. One-quarter or participants said that they were in their fourth year or higher, as shown in Figure 6. These are the participants that are the point of focus in this research report.

**Figure 6: Survey Participants by Year of Study**



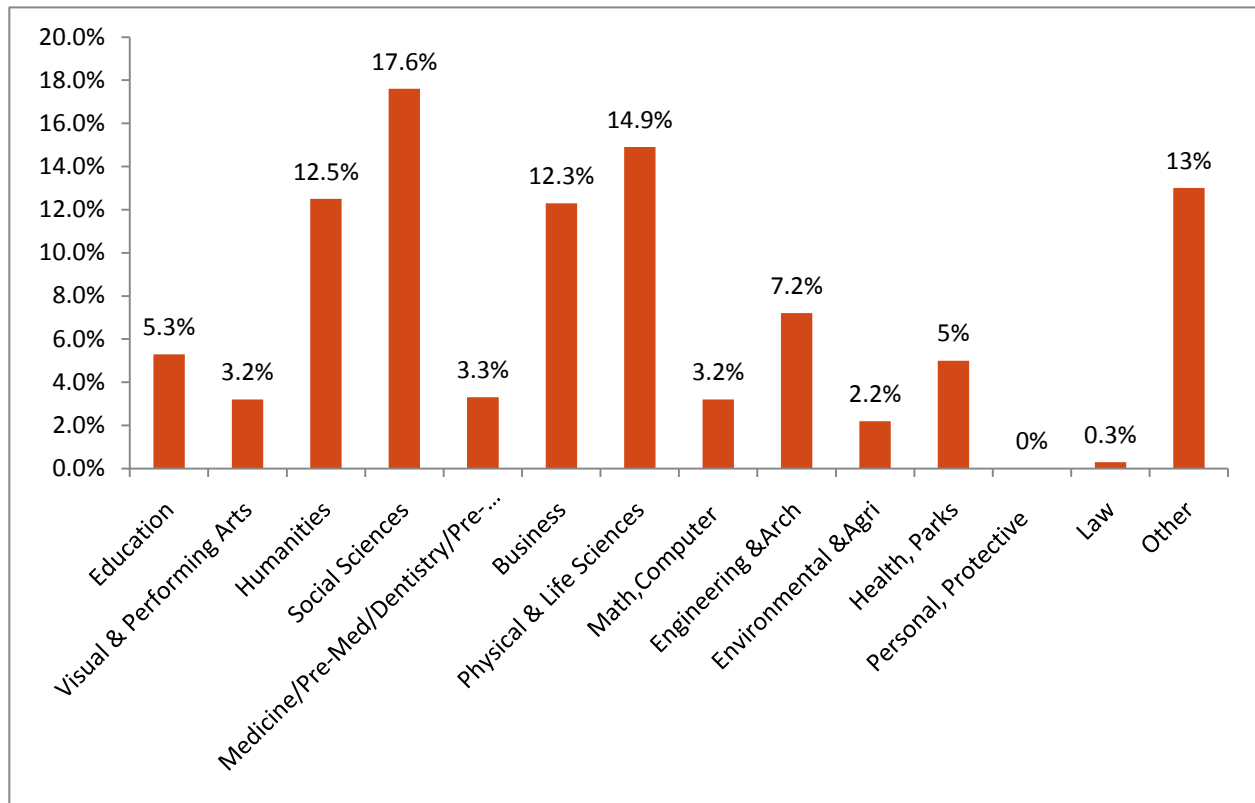
Participants in the Canadian Student Survey were overwhelmingly enrolled in Bachelor`s degree programs. However, a small number of participants reported being enrolled in Certificate or Diploma programs at their university, as shown in Figure 7.

**Figure 7: Survey Participants by Type of Degree Program**



Survey participants reported studying in an array of programs, with the largest number reporting studying in social sciences (17.6%) and life sciences (14.9%), as show below in Figure 8.

**Figure 8: Survey Participants by Program of Study**



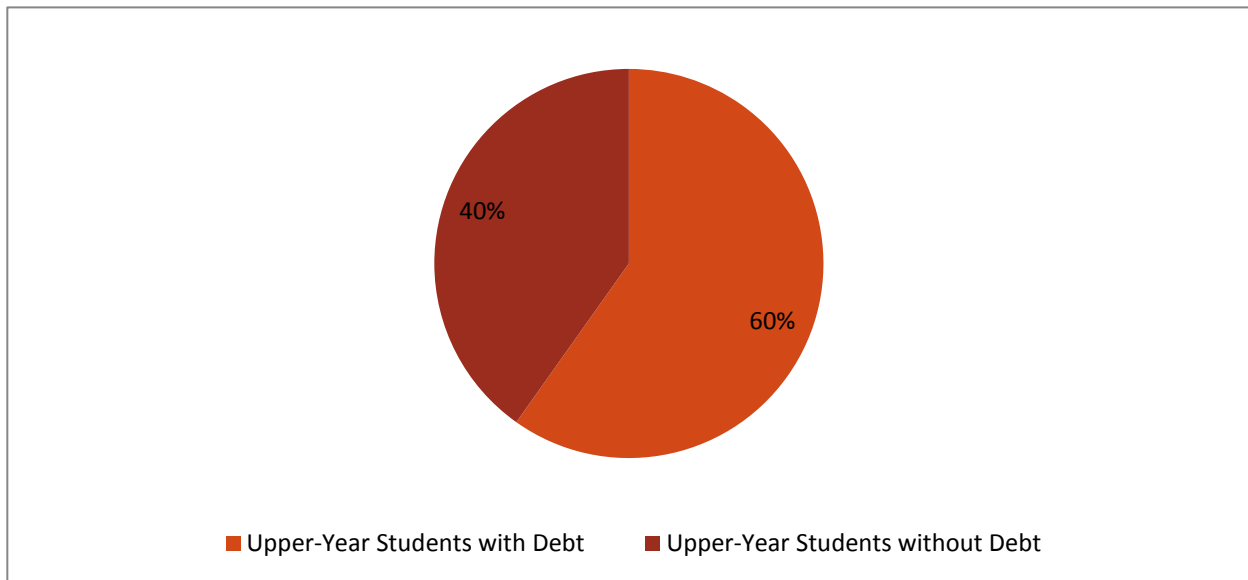
### Sample in this Report

This report focuses specifically on survey participants who were full-time undergraduate university students in their fourth- and fifth-years of post-secondary education (“upper-year students”), including those respondents who reported debt and those who did not report debt. There were 4,093 students who responded to the survey who are considered upper-year students, representing about 25% of all survey respondents. These students were identified based on their responses to the question, “in what year did you first enrol in your current institution?” Those students who responded 2005 (N=1,118; fifth-year students) and 2006 (N=2,975; fourth-year students) are those included in this analysis.

These upper-year students were then divided into two categories: those who accumulated debt during their time in post-secondary education (N=2,175), representing 60% of upper-year respondents, and those who didn’t (N=1,461), representing 40% of upper-year respondents, as shown below in Figure 9.<sup>3</sup>

<sup>3</sup> The total number of students counted here is 3,636 and the difference between this number and the total count of 4,093 students above counted as “upper-year students” is due to survey attrition between that earlier question and this later question.

**Figure 9: Upper-Year Student Sample and Debt Accumulation**



These numbers concur with those reported in the most recent Statistics Canada National Graduate Survey (NGS), which reported that 57% of graduates in the 2005 study borrowed from any source (i.e. government, private or family) to pay for post-secondary education (Luong, 2010).

Student “debt” could be from one, two or all of the following categories: loans from parents, loans from government and loans from banks or private sources. Students who are included in the group who “have debt” are those respondents who answered with a numeric value greater than zero in the following question about accumulated debt:

*We will now ask you some questions regarding your PSE costs. To date, how much repayable debt have you accumulated so far to finance your post-secondary education from the following sources: (Please enter a numeric value.) Leave the field blank if your answer is '0'.*

- a) Debt from government sources?*
- b) Debt from loans from banks?*
- c) Debt from family members?*

Students who are included in the group who “don’t have debt” are those upper-year students who either answered a “0” response to all of the above questions or answered “yes” to “loans from government” “loans from family members” or “loans from a private source” on the question “which of the following sources of funding do you have” question, and then left the question about debt amount blank. Participants who left the field blank in this question were assumed to have no debt since they were instructed to “write in ‘0’ or leave the field blank if they had no debt.”

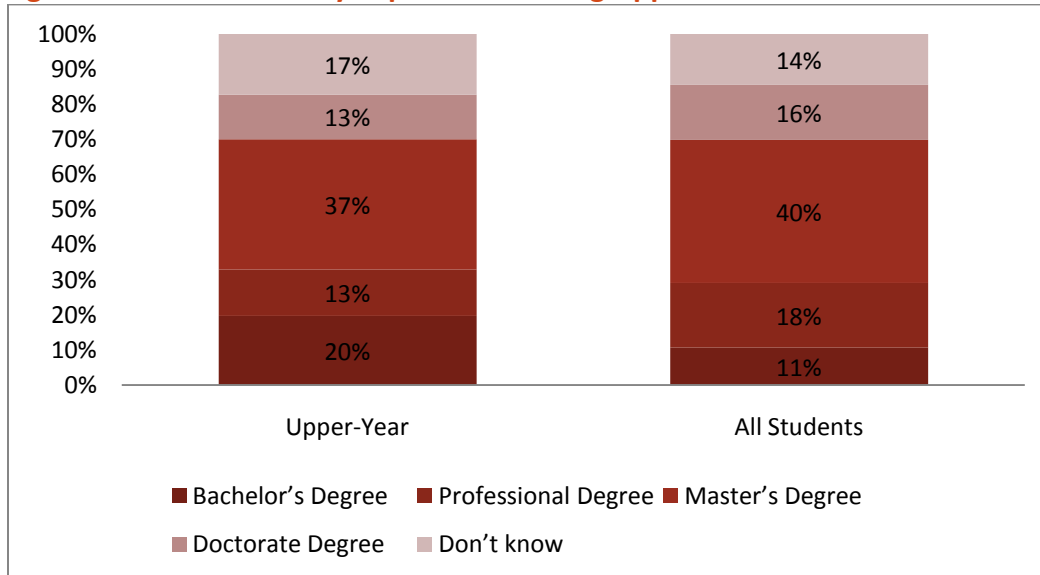


## Further PSE Aspirations of Upper-Year PSE Students

This section explores the future plans and thinking about those prospects among Canadian upper-year post-secondary students. The data discussed in this section refers to all upper-year survey participants.

Survey respondents were asked to indicate what the highest degree that they planned to attain. Among upper-year students, 63% planned to pursue further post-secondary education, as detailed below in Figure 10.

**Figure 10: Post-Secondary Aspirations among Upper-Year Students and All Students**



While nearly two-thirds of upper-year students planned to pursue further post-secondary education, nearly three-quarters of all students aspired to further post-secondary education. Upper-year students were more likely to say that they would stop at their current Bachelor's degree compared to all students: 20% of upper-year students compared to 11% of all students. Nearly 40% of respondents said that they aspired to obtain a Master's degree; 13% said that they aspired toward a professional degree and another 13% said that they wanted to obtain a PhD. 17% of respondents said that they were not sure about their future PSE plans.

Looking at further PSE aspirations by program of study for upper-year students, those studying in Agriculture, Environmental Sciences and Conservation programs are most likely to say that they are stopping at the University Bachelor's level and those in the Physical and Life Sciences, and Technologies programs most desire to pursue PhDs, as shown below in Table 3.

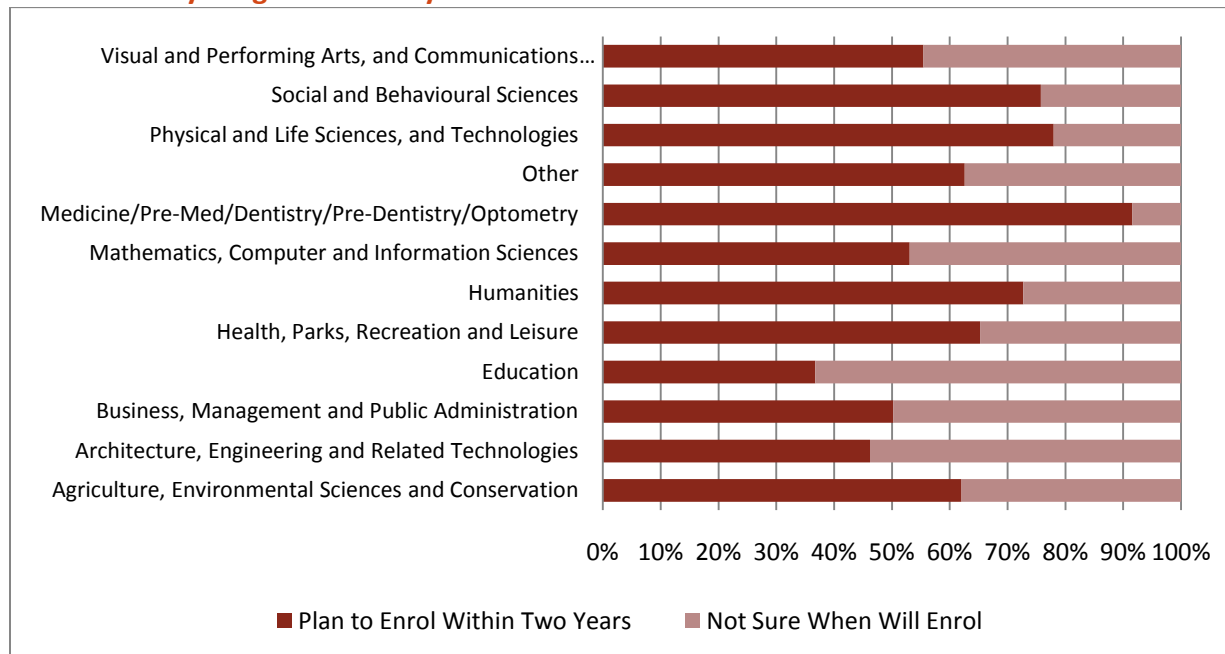
**Table 3: Further Post-Secondary Aspirations among Upper-Year Students by Program of Study**

Program of Study	University Bachelor's	Professional Program	Master's Degree	Doctorate degree	Don't know
Education	27%	3%	49%	8%	13%
Visual and Performing Arts, and Communications Technologies	22%	9%	53%	8%	8%
Humanities	19%	11%	36%	14%	20%
Social and Behavioural Sciences	14%	15%	37%	13%	19%
Medicine/Pre-Med/Dentistry	1%	57%	21%	15%	7%
Business, Management and Public Administration	26%	8%	44%	7%	14%
Physical and Life Sciences, and Technologies	12%	23%	23%	21%	21%
Mathematics, Computer and Information Sciences	30%	2%	34%	10%	22%
Architecture, Engineering and Related Technologies	27%	3%	48%	8%	15%
Agriculture, Environmental Sciences and Conservation	35%	8%	36%	9%	12%
Health, Parks, Recreation and Leisure	24%	10%	41%	10%	15%
Other	22%	12%	36%	12%	18%

Among those upper-year respondents who said that they planned to enrol in further PSE, more than 40% of them said that they planned to do so immediately upon completing their current program and degree. Among upper-year students only, female students were more likely to say that they would enrol immediately than male students. Allophones were the most likely to say that they would enrol immediately, followed by Anglophones; Francophone students were the least likely to say that they would enrol immediately.

Students in Pre-Medicine and Pre-Dental programs were the most likely to plan to enrol in further post-secondary education immediately, as shown below in Figure 11.

**Figure 11: Future PSE Enrolment Plans among Upper-Year Students Who Plan to Pursue Further PSE by Program of Study**



Students studying in Physical and Life Sciences programs were the second most likely group of students to plan to enrol immediately in further post-secondary education. Those students enrolled in Humanities and Social and Behavioural Sciences programs were the third and fourth most likely groups of students to enrol immediately in further PSE. Respondents studying Architecture, Engineering and Related Technologies were the mostly likely to say that they were not sure when they would enrol in further PSE.

Looking at upper-year students by the province in which they attended high school, students from Prince Edward Island and Ontario were most likely to say that they would enrol immediately in further post-secondary education while those in Alberta and New Brunswick were the most likely to say that they were not sure when they would enrol in further post-secondary education.

### Conclusions on Further PSE Aspirations

Nearly two-thirds of upper-year students reported that they planned to pursue further post-secondary education. Masters programs were the most popular choices (40%) with additional equal number of students desiring PhD and professional degrees (13% each). Upper-year students in Agriculture, Environmental Sciences and Conservation programs were most likely to say that they were stopping at the University Bachelor’s level and those in the Physical and Life Sciences, and Technologies programs most desire to pursue PhDs.

Among those upper-year respondents who said that they planned to enrol in further PSE, more than 40% of them said that they planned to do so immediately upon completing their current program and degree. Female students were more likely to say that they would enrol

immediately than male students. Looking at future post-secondary education aspirations by program of study, students in Pre-Medicine and Pre-Dental programs were the most likely to immediately plan to enrol in further post-secondary education followed by those studying physical and life sciences; students studying Architecture, Engineering and Related Technologies were the mostly likely to say that they were not sure if they would enrol in further PSE.

Students from Prince Edward Island and Ontario were the most likely to say that they would enrol immediately in further PSE while those from Alberta and New Brunswick were the most likely to say that they were not sure when they would enrol in further PSE.

## Future Job Prospects

In addition to future educational aspirations, survey respondents were asked to discuss their thoughts about their future job prospects, including their anticipated salaries and levels of concern regarding finding jobs. This section overviews those employment plans, including salary expectations, confidence in finding a job and the time it will take and whether they plan to remain in their province of study.

### Salary Expectations

Upper-year students reported that they expected to earn a median annual salary of \$50,000. Looking at median expected salary by program of study, students enrolled in Visual and Performing Arts programs reported expecting to earn the lowest median annual salaries while those enrolled in Architecture, Engineering and Technologies programs reported expecting to earn the highest median annual salary, as shown below in Table 4.

**Table 4: Median Annual Salaries Expected by Upper-Year Students and NGS Gross Annual Earnings of 2005 Graduates Working Full-Time in 2007, by Program of Study**

Program of Study	Expected Annual Income			NGS Gross Annual Earnings <sup>4</sup>		
	25 <sup>th</sup> Percentile	50 <sup>th</sup> Percentile	75 <sup>th</sup> percentile	25 <sup>th</sup> Percentile	50 <sup>th</sup> Percentile	75 <sup>th</sup> percentile
<b>Education</b>	\$40,000	\$44,000	\$50,000	\$38,000	\$45,000	\$50,000
<b>Visual and Performing Arts, and Communications Technologies</b>	\$20,000	\$35,000	\$45,000	\$25,000	\$33,000	\$41,600
<b>Humanities</b>	\$30,000	\$40,000	\$50,000	\$27,000	\$36,000	\$48,000
<b>Social and Behavioural Sciences</b>	\$35,000	\$40,000	\$60,000	\$31,200	\$40,000	\$50,000
<b>Medicine/Pre-Med/Dentistry/Pre-Dentistry/Optomety</b>	\$49,000	\$60,000	\$70,000	n/a	n/a	n/a
<b>Business, Management and Public Administration</b>	\$45,000	\$50,000	\$60,000	\$36,700	\$44,300	\$55,000
<b>Physical and Life Sciences, and Technologies</b>	\$40,000	\$50,000	\$62,000	\$30,400	\$39,500	\$50,000
<b>Mathematics, Computer and Information Sciences</b>	\$44,000	\$60,000	\$65,000	\$40,000	\$50,000	\$59,700
<b>Architecture, Engineering and Related Technologies</b>	\$50,000	\$65,000	\$70,000	\$44,700	\$53,000	\$65,000
<b>Agriculture, Environmental Sciences and Conservation</b>	\$35,000	\$40,000	\$60,000	\$35,900	\$44,200	\$54,000
<b>Health, Parks, Recreation and Leisure</b>	\$40,000	\$45,000	\$55,000	\$45,200	\$53,400	\$65,000
<b>Other</b>	\$40,000	\$50,000	\$60,000	n/a	n/a	n/a
<b>Total Median</b>	\$40,000	\$50,000	\$60,000	\$35,900	\$45,000	\$55,000

Overall, upper-year Canadian Student Survey respondents' annual salary expectations were similar to those reported in the Statistics Canada's National Graduate Survey (NGS) gross

<sup>4</sup> <http://www.statcan.gc.ca/pub/81-595-m/2009074/tbl/tbl6-eng.htm>

annual earnings in 2007, showing that students are generally on the mark when estimating their future earnings (Statistics Canada, 2009). The exception here was in Mathematics, Computer and Information Sciences and Architecture, Engineering and Related Technologies where Canadian Student Survey participants somewhat over-estimated their future salaries based on the most recent NGS salary figures.

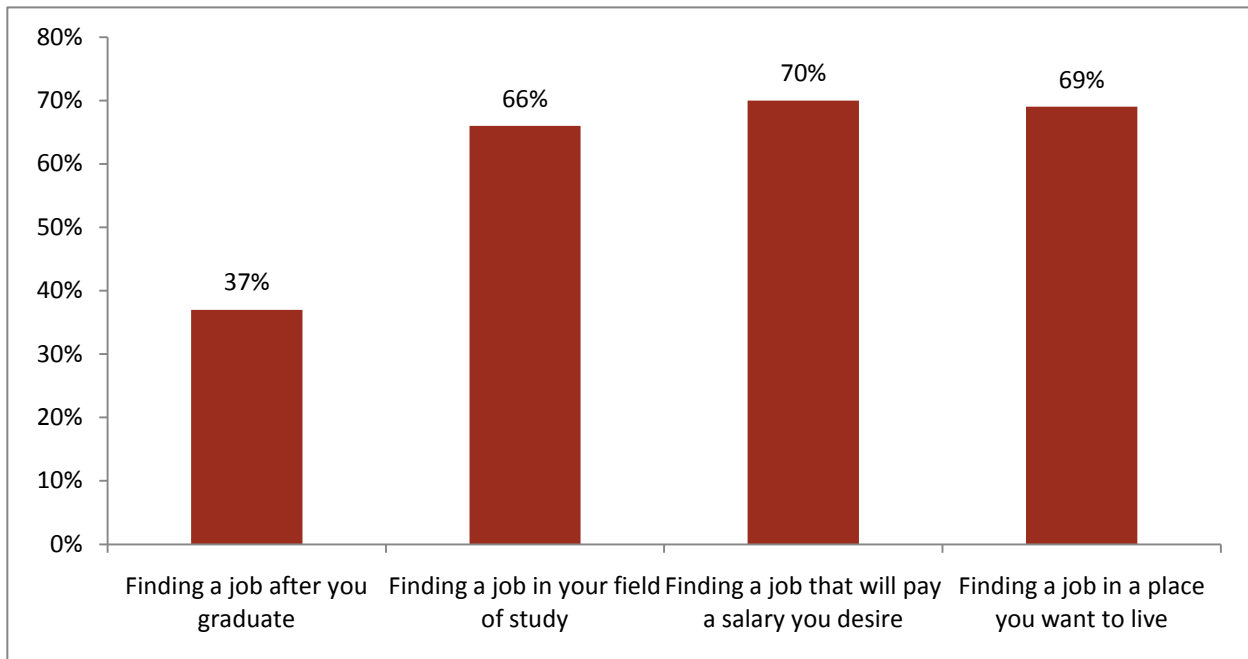
It is interesting to note that the individuals in Architecture, Engineering and Technologies programs who plan to earn the highest median salaries are also those students who were least sure about attending further post-secondary education. It is possible that when considering their future salaries and the return on their post-secondary education investment, these students studying in these fields don't think that attending further post-secondary education will matter much. In addition, many jobs in these fields don't require further education.

There were no substantial differences in reported expected annual incomes between upper-year students based on their high school province. There was, however, a gender gap in expectations; female students expected to earn \$5,000 less than their male counterparts (45,000 vs. \$50,000).

### **Finding a Job**

One of the most important preoccupations of upper-year students is the struggle to find a job. This is likely even more on the mind of current upper-year students considering the current economic recession. However, as it turns out, only a minority of students (although at 37% a relatively large minority) said that they were concerned about finding a job after graduation. This picture, however, paints a deceptively happy picture, as when students were asked more pointed questions about futures jobs, their levels of concern rose enormously as shown below in Figure 12.

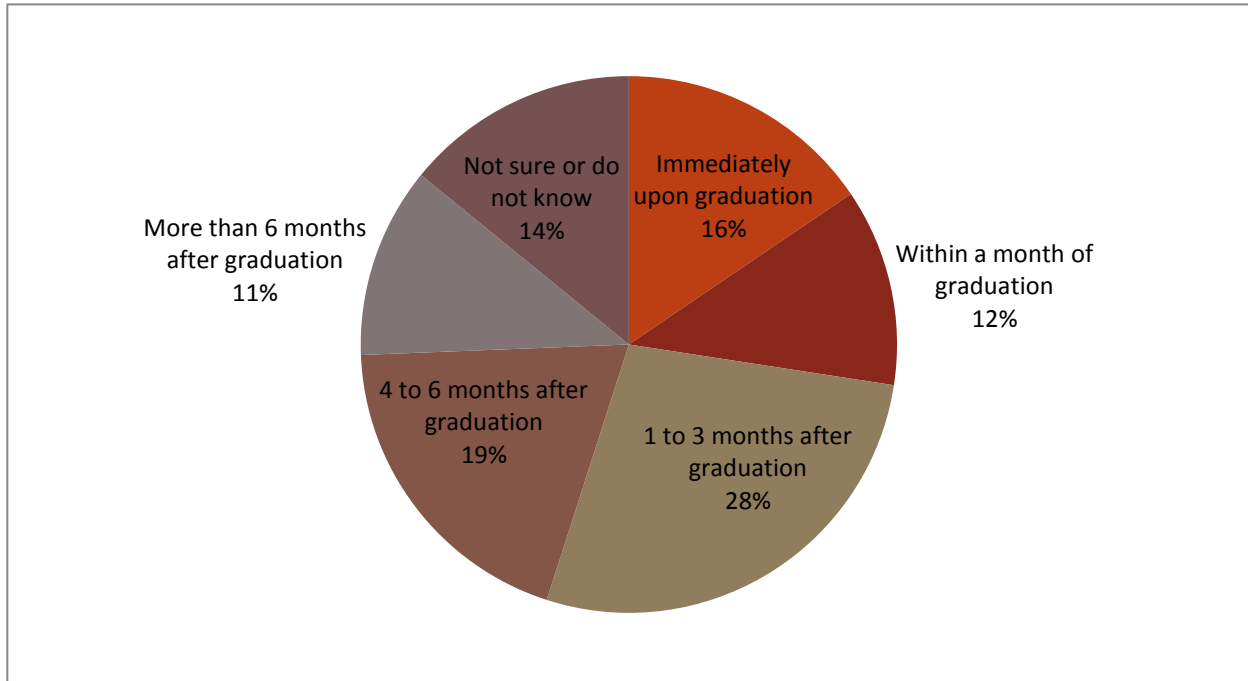
**Figure 12: Upper-Year Students Who Were Concerned about Findings Jobs after Graduation**



When survey respondents were asked to discuss their level of concern about finding jobs in their field of study, that would pay a salary they desired and that was located in a place that they wanted to live, students expressed much higher levels of concern, with 66%, 70% and 69%, respectively, reporting that they were very or somewhat concerned.

Participants were also asked to comment on the time they thought it would take to find a job after they completed their degree. Twenty-eight percent of students expected a job within a month, but 30% expected a delay of at least four months; 11% thought it would take them at least six months, as shown below in Figure 13.

**Figure 13: Time to Find a Job after Completing Current Degree**



### **Remaining in Province of Study**

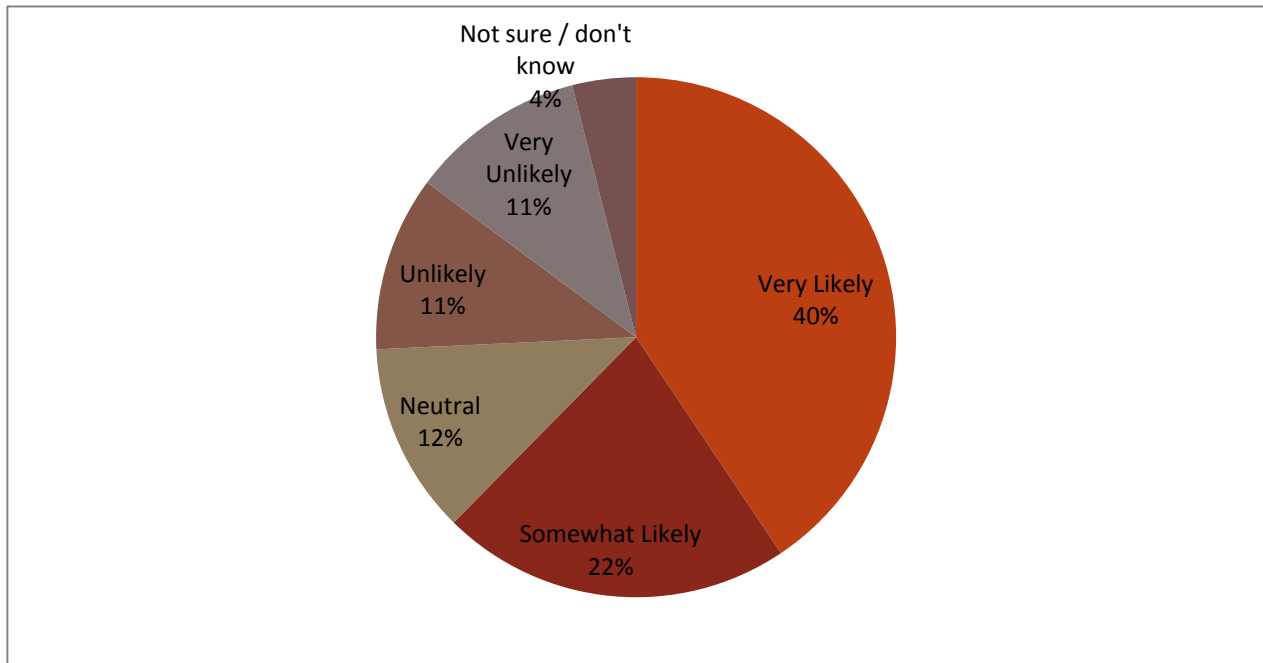
Students were also asked about the likeliness of staying in their province of study and finding work in their province of study. Overall, 63% of upper-year respondents indicated that they were very or somewhat likely to stay in their province of study after they completed their studies, as shown below in Figure 14.<sup>5</sup>

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<sup>5</sup> Survey question was: “How likely is it that you will stay in the province where you are currently in school after the end of your studies. Please use a scale from 1 to 5 with 1 being ‘very likely’ and 5 being ‘very unlikely.’”



**Figure 14: Percent of Upper-Year Students Likely and Unlikely to Stay in Province of Study after Graduation**



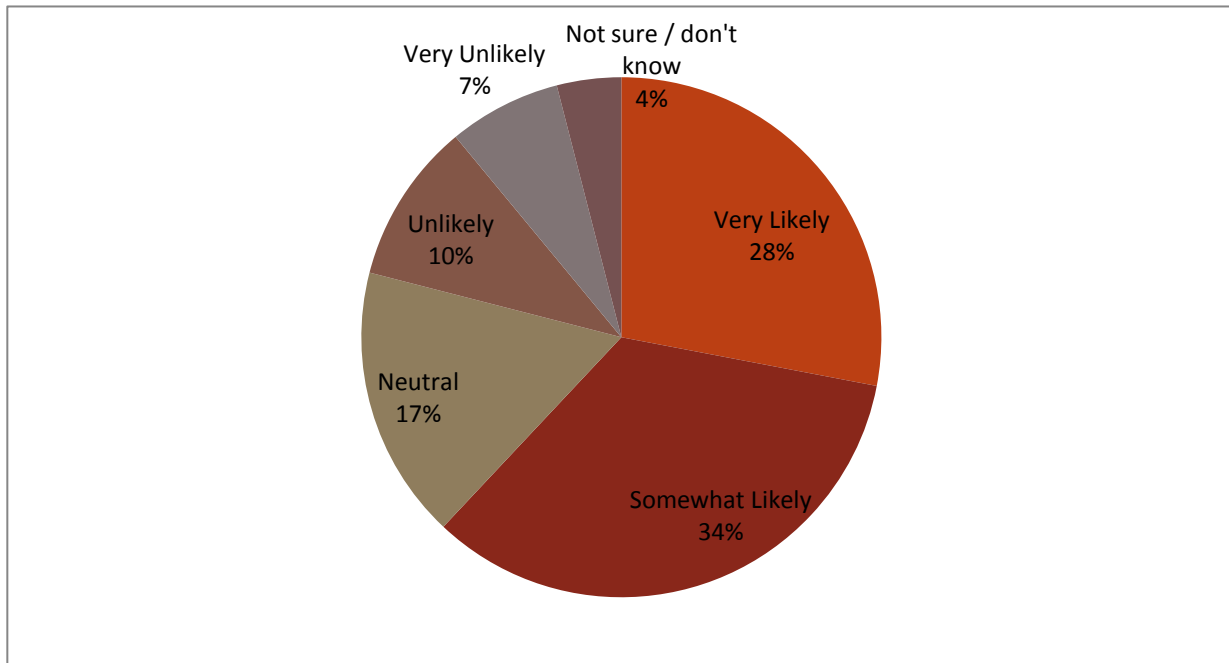
Twenty-two percent of upper-year survey respondents indicated that they were unlikely or very unlikely to remain in their province of study after their studies. Students in Nova Scotia, New Brunswick and Prince Edward Island were less likely to remain in their province of study than their counterparts in Ontario and Alberta. Individuals studying in Ontario were the most likely to remain in their province of study after completing their studies.

About a fifth of all upper year students (18%) who were attending university in the same province in which they attended high school said they were unlikely to remain in their province of study after finishing university. This percentage was higher in the Maritime provinces, where 32% said they were unlikely to stay in their home province. In Ontario, it was somewhat lower; only 12% of students were unlikely to stay.

Upper-year respondents were also asked about the likeliness of them finding work in their province of study in their field of study.<sup>6</sup> Sixty-two percent of respondents indicated that they were very or somewhat likely to find work in their field of study in their province of study, as shown below in Figure 15.

<sup>6</sup> Survey question was: “Please indicate how likely the following situations are for you. When answering, please use a scale from 1 to 5 with 1 being ‘very likely’ and 5 being ‘very unlikely.’ You will be able to find work in your field of study in the province where you are currently in school after the end of your studies.”

**Figure 15: Percent of Upper-Year Students Likely and Unlikely to Find Work in their Field of Study in their Province of Study after Graduation**



However, 17% thought that they were unlikely to find work in their field of study in their province of study.

### **Conclusions on Future Job Prospects of Upper-Year Students**

Upper-year students reported that they expected to earn a median annual salary of \$50,000 with students enrolled in Visual and Performing Arts programs reported expecting to earn the lowest median annual salaries while those enrolled in Architecture, Engineering and Technologies programs reported expecting to earn the highest median annual salary.

Compared to the 2007 NGS gross salaries by program of study, students were generally on the mark when estimating their future earnings. The exception here was in Mathematics, Computer and Information Sciences and Architecture, Engineering and Related Technologies where Canadian Student Survey participants somewhat over-estimated their future salaries based on the most recent NGS salary figures.

40% of upper-year students reported being concerned about finding a job after graduation. This number increases substantially to 66%, 70% and 69%, respectively, when survey respondents were asked to discuss their level of concern about finding jobs in their field of study, that would pay a salary they desired and that was located in a place that they wanted to live. Half of the upper-year students thought they would be able to find jobs more or less immediately, within three months after graduation.

Twenty-two percent of upper-year survey respondents indicated that they were unlikely or very unlikely to remain in their province of study after completing their studies. Students in Nova

Scotia, New Brunswick and Prince Edward Island were less likely to remain in their province of study than their counterparts in Ontario and Alberta. Individuals studying in Ontario were the most likely to remain in their province of study after completing their studies.

## Debt and Borrowing among Upper-Year Students

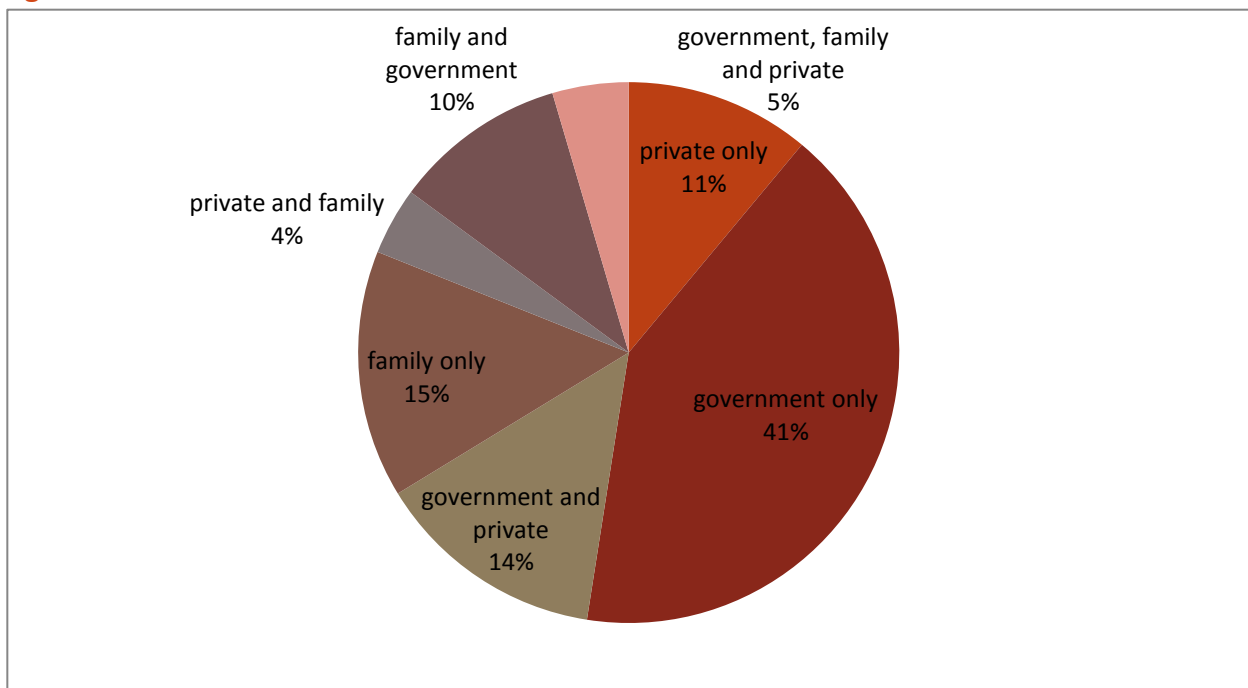
Borrowing money from a variety of sources is one of the ways that Canadian students pay for their post-secondary education. The Canadian Student Survey explored the types and amounts of funding that university students borrowed to pay for their post-secondary education. This section explores those sources, amounts and borrowers' feelings toward repaying that debt.

### Sources of Debt

Survey participants were asked to report on their accumulated debt from government, private sources/banks and family members.<sup>7</sup> A total of 2,175 upper-year students reported having some kind of debt (i.e. from any one or all of the above-mentioned sources) while 1,461 reported having no debt.

Of the 2,175 students who had debt, 41% of them had only government debt as shown below in Figure 16.

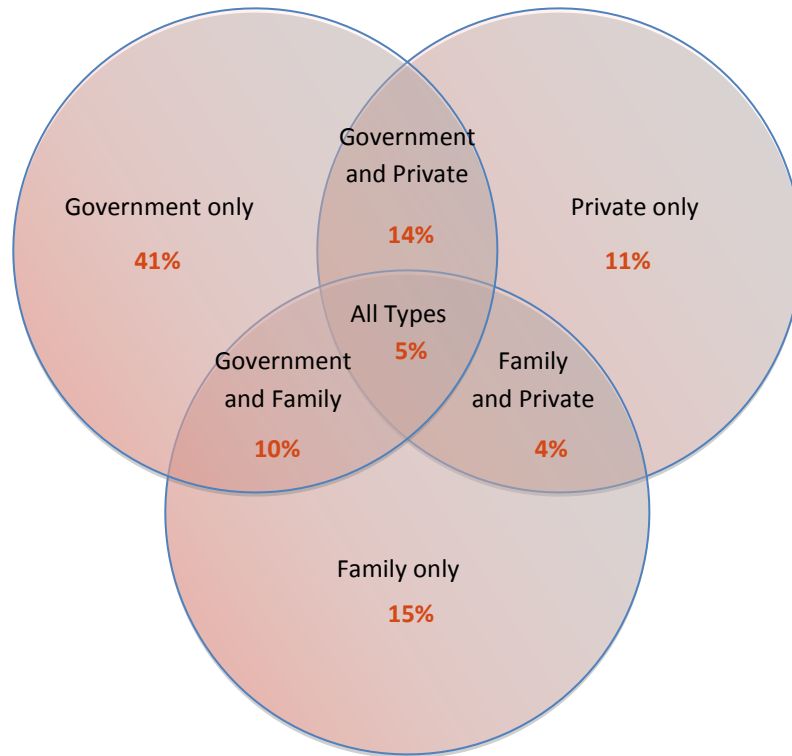
Figure 16: Sources of Debt



<sup>7</sup> "We will now ask you some questions regarding your PSE costs. To date, how much repayable debt have you accumulated so far to finance your post-secondary education from the following sources: Debt from government sources, Debt from loans from banks, Debt from family members." Participants were asked to enter a numeric value and to leave the field blank if their answer was "0," i.e. if they didn't have any accumulated debt from any of the sources.

A look at the overlap of those sources is shown below in Figure 17.

**Figure 17: Sources of Debt, Venn Diagram**



Only 5% of survey respondents reported having accumulated debt from all three sources and 15% reported having debt from family members only.

### Prototype of Students with Debt

While students from various socio-economic backgrounds were all more likely to have debt than not have debt, students who came from families where high school was the highest level of education attained by their parents (i.e. the lowest socio-economic level) were the most likely to have debt than not have debt, as shown below in Table 5.

**Table 5: Parental Education and Debt**

Highest Level of Parental Education	Have Debt		Don't Have Debt		Total	
	N	%	N	%	N	%
High School	476	77%	123	23%	599	100%
College	623	64%	286	36%	909	100%
University	899	59%	848	41%	1,747	100%
Not reported	177	45%	204	55%	381	100%

Similarly, the incidence of debt rose when students came from non-Anglophone families, as shown below in Table 6.

**Table 6: Language Spoken at Home and Debt**

Language Spoken at Home	Have Debt		Don't Have Debt		Total	
	N	%	N	%	N	%
English	1,688	59%	1,130	41%	2,818	100%
French	159	79%	42	21%	201	100%
Other	173	71%	96	29%	269	100%
Not reported	155	44%	193	56%	348	100%

Students with any kind of accumulated debt were also more likely to be from the Maritime Provinces of New Brunswick and Prince Edward Island.

### Median Accumulated Debt

Looking at responses from participants who were in their fourth year or higher, students who reported any debt reported an overall accumulated median debt of \$20,000 from a combination of government, private and family sources, as shown below in Table 7.<sup>8</sup>

**Table 7: Source of Loan and Median Accumulated Debt for those with Debt**

Source of Loan	Median Debt
Government Loans	\$18,000
Private Loans	\$10,000
Family Loans	\$8,000
<b>Total</b>	<b>\$20,000</b>

The numbers reported in the National Student Survey were slightly higher than those reported in the most recent NGS, where students in 2005 reported an average of \$16,600 in student loans from government sources along and \$18,800 in student loans borrowed from all sources (Luong, 2010).

Median debt for students who had government loans was highest among those who attended high school in the Maritime Provinces. Median debt from private banks was similar across the country, except for in Prince Edward Island, where students reported median private loan levels to be half those of students from elsewhere in Canada. Family loan debt levels were also lowest among students from Prince Edward Island, as they were in other locations in Maritime Canada.

<sup>8</sup> The data used here and in subsequent tables include data from all participants who responded with an amount greater than zero for the question under consideration. The median for private loans, for example, is the median debt amount of all students who have private loans, not of all students who have any sort of debt.

Students in Education programs reported the highest total accumulated debt of all programs of study, with a median of \$24,000, as shown in Table 8.

**Table 8: Accumulated Median Debt Levels by Program of Study**

Program of Study <sup>9</sup>	Government Loans	Private/Bank Loans	Family Loans	Total Loans
Agriculture, Environmental Sciences and Conservation	\$17,000	\$18,000	\$6,000	\$18,000
Architecture, Engineering and Related Technologies	\$17,000	\$16,000	\$10,000	\$20,000
Business, Management and Public Administration	\$15,000	\$6,000	\$10,000	\$21,500
Education	\$24,000	\$10,000	\$5,000	\$24,000
Health, Parks, Recreation and Leisure	\$20,000	\$10,000	\$7,000	\$21,000
Humanities	\$20,000	\$10,000	\$5,000	\$17,000
Mathematics, Computer and Information Sciences	\$20,000	\$5,000	\$5,000	\$20,000
Pre-Med/Pre-Dentistry/Pre-Optometry	\$15,000	\$10,000	\$10,000	\$16,000
Physical and Life Sciences, and Technologies	\$18,000	\$10,000	\$7,000	\$15,800
Social and Behavioural Sciences	\$18,000	\$10,000	\$6,000	\$20,000
Visual and Performing Arts, and Communications Technologies	\$17,000	\$5,000	\$2,000	\$17,000
Other	\$15,000	\$10,000	\$10,000	\$15,000

Upper-Year students from families with parents with the lowest levels of post-secondary education (and assumed lower socio-economic status) had the highest levels of median total debt while those from families with parents with the highest levels of parental education had the lowest levels of median total debt, as shown below in Table 9.

**Table 9: Median Accumulated Debt by Highest Level of Parental Education<sup>10</sup>**

Parental Education	Government Loans	Private/Bank Loans	Family Loans	Total Loan
High School	\$22,000	\$10,000	\$6,000	\$24,000
College	\$19,000	\$10,000	\$10,000	\$21,000
University or higher	\$15,000	\$8,000	\$10,000	\$16,000

Those students from families with the lowest levels of parental education were not only more likely to have accumulated debt and to have the highest total median debt, but were also the most likely to have the highest levels of accumulated government loan debt and the lowest levels of family loans. Those from families with parents with college or university educations

<sup>9</sup> Survey participants were asked to report their program of study at the beginning of the survey. Programs of Study with no or too small samples were removed from this analysis. Please refer to the methodology section to view total survey participation by program of study.

<sup>10</sup> As in previous tables, all numbers reported are medians for those who have debt from the given source.

had parental contributions that were nearly double those students who came from families with parents with a high school education.

Kramer, Rogers, & Usher (2010) discussed various types of working students, including those who work only during the summer (“summer workers”), those who work only during the school year (“school workers”) and those who work during both (“all-year workers”) or neither (“non-workers”). That report found that those students who worked all year round had the highest median work incomes and were least likely to also have loans.

Of those upper-year students who reported having debt, those who also reported working during the summer and during the school year (“all-year workers”) had the lowest median total debt loads while those students who reported neither working during the summer nor during the school year (“non-workers”) reported the highest median total debt levels, as shown below in Table 10.

**Table 10: Median Accumulated Loan Debt by Type of Student Worker**

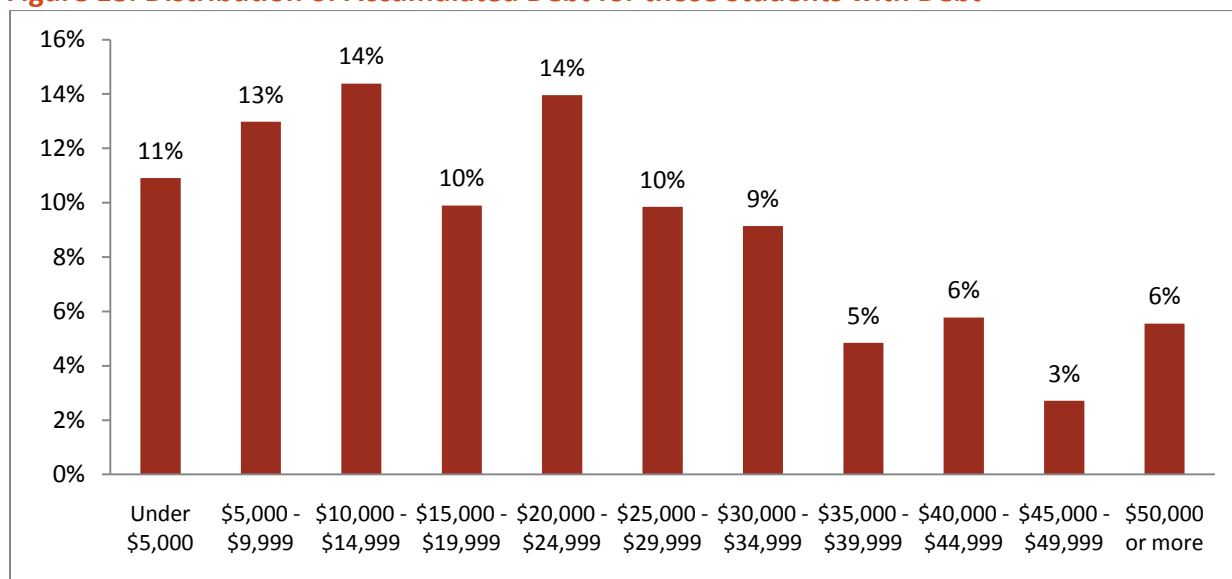
Work Category	Median Debt	# of Responses
All-Year Worker	\$16,000	1,018
Summer Worker	\$22,000	761
School Worker	\$20,000	78
Non-Worker	\$23,000	172

### **Debt Levels: Low, Middle, High**

In addition to the average amount of accumulated debt, the distribution of student loan debt is another way of looking at debt levels among those upper-year students. The distribution of debt levels showed that there are a number of different accumulated debt levels among students and that students were not necessarily clustered around the median of \$20,000, with 23% of students with total accumulated debt levels of less than \$10,000 and 20% with a total accumulated debt of more than \$35,000, as shown below in Figure 18.



**Figure 18: Distribution of Accumulated Debt for those Students with Debt**



Upper-year students with debt can be placed into categories of low-, middle- and high-debt levels based on whether their total debt load accumulated to date during their post-secondary education is in the first, second, or third tercile of debt loads overall. For the purposes of this research, “low-debt” refers to those students who reported a median accumulated debt of \$12,000 or less, “middle-debt” refers to those students who reported a median accumulated debt between \$12,000 and \$26,000; “high-debt” refers to those students who reported median accumulated debt of more than \$26,000.

Students who had high-debt levels were more likely to come from the Maritime provinces and from families with lower socio-economic status. They also had lower median amounts of summer earnings and savings and were slightly more likely to say that they would have liked to work more. As well, students with high-debt levels were more likely to say that they would delay further post-secondary education due to their debt compared to students with low-debt levels and were more likely to report that they knew that they wanted to attend further post-secondary education, but were not sure when they would enroll.

### **Debt Repayment**

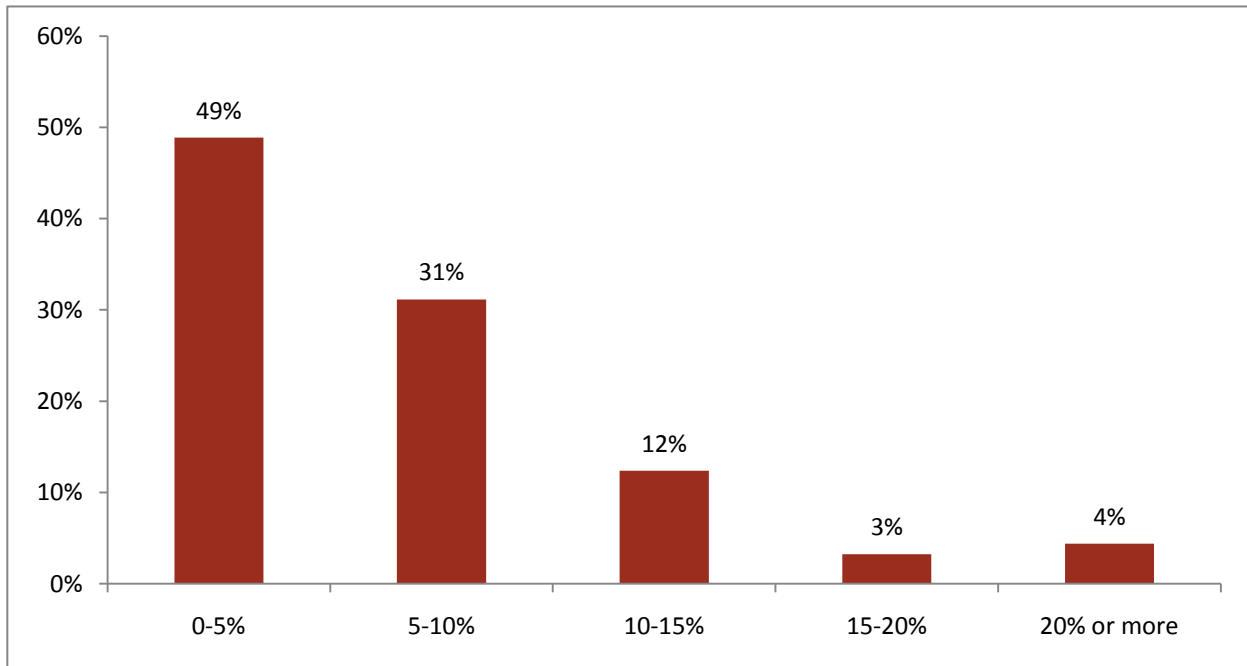
Once a student completes post-secondary education and they’ve borrowed money to pay for their studies, they are responsible for repaying their student debt. In Canada, the repayment period generally begins six-months after a borrower has completed their studies, after a “grace period” during which a student is not expected to pay back their debt. During that period, however, interest does accrue on their loans.

At the beginning of the repayment period, students with debt must consider the terms and conditions of their loan repayment, including the interest rate and length of time that they will need to repay their loans. On interest rates, Canadian students who participate in the Canada Student Loans Program (all students except for those from Quebec, Nunavut and the Northwest

Territories) are given the choice between paying interest on federal and provincial rates at a floating rate of prime plus 2.5% or a fixed rate of prime plus 5%. Regarding repayment times, the “default” repayment period is ten years, but longer and shorter periods are possible (Usher & Junor, 2004). Once these terms are figured out, a monthly repayment amount and schedule is determined.

At the time of repayment, the median student who reported borrowing money to attend post-secondary education in the Canadian Student Survey can expect a monthly repayment amount of 5.1% of their income.<sup>11</sup> There is a significant proportion of the population, however, who can expect much higher payments. Figure 19 below shows the breakdown of expected payments as a percentage of income for students who have debt.

**Figure 19: Expected Monthly Debt Repayments After Graduation as Percentage of Income for Students Who Have Debt**



There is much conversation about what a reasonable debt-to-income ratio should be. Schwartz & Baum (2006) discuss various schemes, and conclude that there is no one-size-fits all answer, but that graduates with less income have greater difficulty repaying their debt than those with higher income and suggest that policy-makers should consider restricting loan repayment amounts to manageable proportions of a graduate’s income, taking other debt into account as

<sup>11</sup> This section presents the estimated monthly repayment rates as a percentage of income for students who have reported both having debt and an expected salary after graduation. These rates were calculated by assuming equal monthly payments over a ten year period, with 5% annual interest, compounding monthly. The estimate of the student’s income is according to their answer to their anticipated annual salary two-years after completing their post-secondary program.

well. In Canada, there is no such limit, though the federal government recently instituted (in 2009) the Repayment Assistance Plan (RAP), which limited the repayment period to 15 years, established payments based on the borrower's income and family size and limited repayments to a maximum of 20% of a borrower's income (Berger, Motte, & Parkin, 2009). The United States Congress recently passed landmark student loan legislation, some of which was based on Schwartz & Baum's work. This legislation set 10% of annual income a ceiling for the amount of graduate income that must be devoted to loan repayment (reducing it from 15%) and mandated that those who regularly repay their loans would have them forgiven after 20 years (reduced from 25 years) (Herszenhorn & Lewin, 2010).

As Figure 19 shows, 19% of students in our survey sample were expected to spend 10% or more of their monthly income (i.e. would exceed the United States' new limit) while 4% expected to spend 20% or more (i.e. would be eligible for Canada's RAP program) after graduation on debt repayment.

It should be noted that the actual amount of students whose repayments will comprise 10% or more of income is likely to be much higher. As discussed previously in the section on salary expectations, many students were overestimating the median income that they expect to receive after graduation compared to the actual incomes reported in the most recent NGS. In particular, students were unlikely to believe that they will end up in the low end of the actual income distribution. Moreover, the repayment estimates reported here use a very low interest rate estimate (5%), due to prime rates being at historically low levels. As such, it is reasonable to expect that these rates have nowhere to go but up. At a bare minimum 19% of students can be expected to graduate with highly burdensome debt loads; in reality, there are many more students who will be surprised with higher payment levels than they had expected.

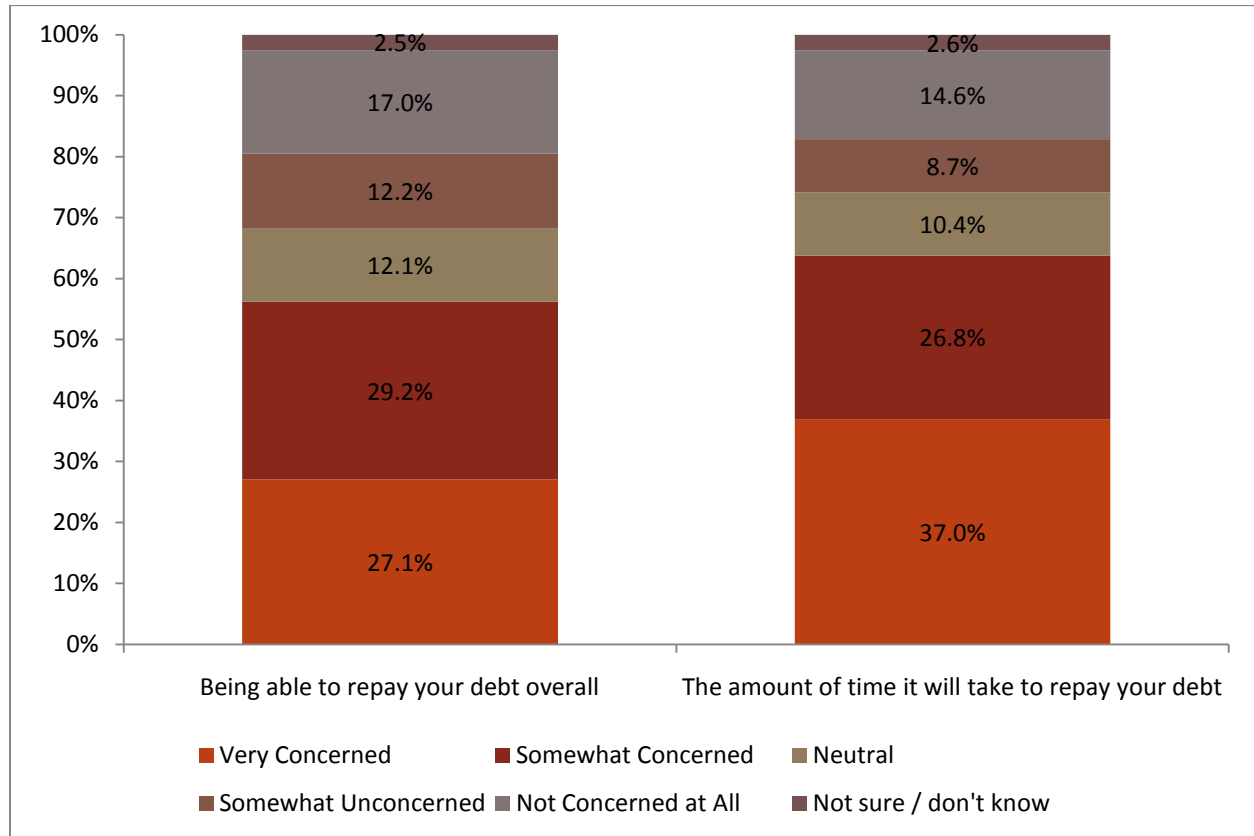
### **Concern about Debt Repayment**

Considering these numbers, it is not surprising that a majority of students were concerned about repaying their debt and the time it would take to do so.<sup>12</sup> Slightly more than half (56%) of the upper-year survey participants who reported debt reported that they were very or somewhat concerned with being able to pay back their post-secondary education debt. A higher percentage (63%) reported being very or somewhat concerned with the time that it would take to pay back their debt, as shown in Figure 20.

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<sup>12</sup> Survey participants who responded with values of more than zero to the questions about having accumulated debt were asked "to what extent are you concerned about: a) being able to repay your debt overall and b) the amount of time it will take to repay your debt. They were asked to describe their concern using a likert scale: 1- Very Concerned, 2- Somewhat Concerned, 3-Neutral, 4 - Somewhat Unconcerned, 5 – Not Concerned At All, 6 – Not Sure / Don't Know.

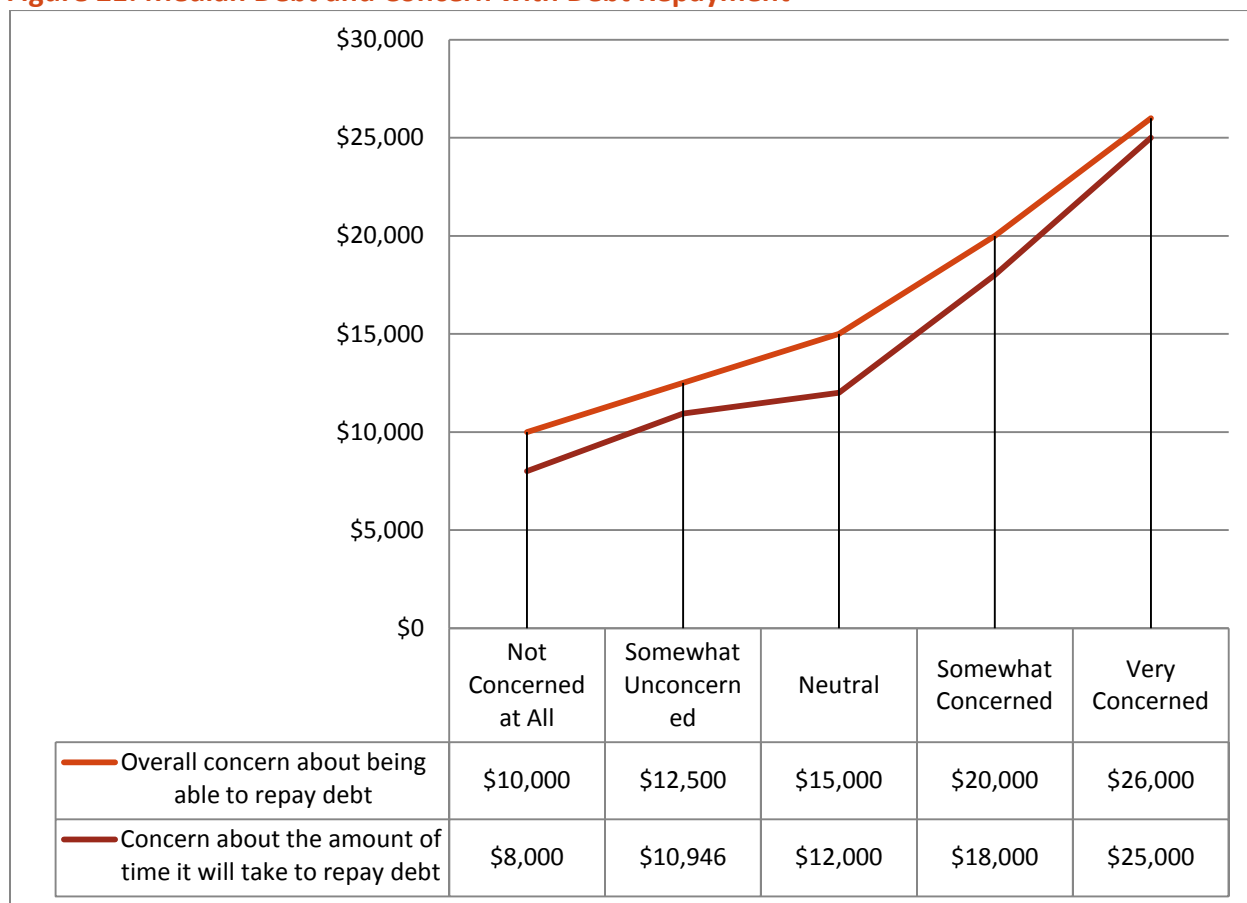
**Figure 20: Concern about Repaying Debt and Time to Repayment among Upper-Year Students with Debt**



Concern about repaying debt was more prevalent among female students compared to male students. Looking at program of study, concern about repaying debt was much lower among students with debt who were studying business and pre-medicine, dental and other pre-professional programs compared to those who were not. This may be due to their higher salary and job expectations.

The students with the highest concern about debt repayment were those students with the highest levels of debt, as illustrated below in Figure 21.

**Figure 21: Median Debt and Concern with Debt Repayment**



### Conclusions on Debt and Borrowing

Sixty-percent of upper-year students reported having accumulated debt from one or more source, with 5% of students reporting having accumulated debt from all three of those sources (3% of students in the overall upper-year sample reported having accumulated debt from all three sources). The median accumulated debt for all types of debt was \$20,000, with students from families with lower socio-economic status and from the Maritimes reporting the highest levels of debt.

Nearly 20% of students in our survey sample were expected to spend 10% or more of their monthly income while 4% were expected to spend 20% or more after graduation on debt repayment. These numbers are likely under-estimations due to survey respondents over-estimated their expected salaries two years after graduation and the pending increases in interest rates.

As such, considering the monthly repayment burdens of upper-year Canadian students, it is not surprising that more than half of the students with accumulated debt reported being concerned about being able to repay their debt and an even higher percentage of them reported being concerned about the time it would take to repay their debt. Student concern about debt

repayment and the time it would take to repay debt increased with debt load, such that those students with high-debt loads were more likely to be concerned about either than those with low-debt loads.

## **Impact of Debt on Future Plans of Upper-Year Students**

This final report section will re-visit those questions explored in the first section of the report (further PSE and job expectations) and look at the responses of those students who reported having debt compared to those students without debt. The impact of various levels of debt will also be explored.

## **Impact of Debt on Further PSE Aspirations**

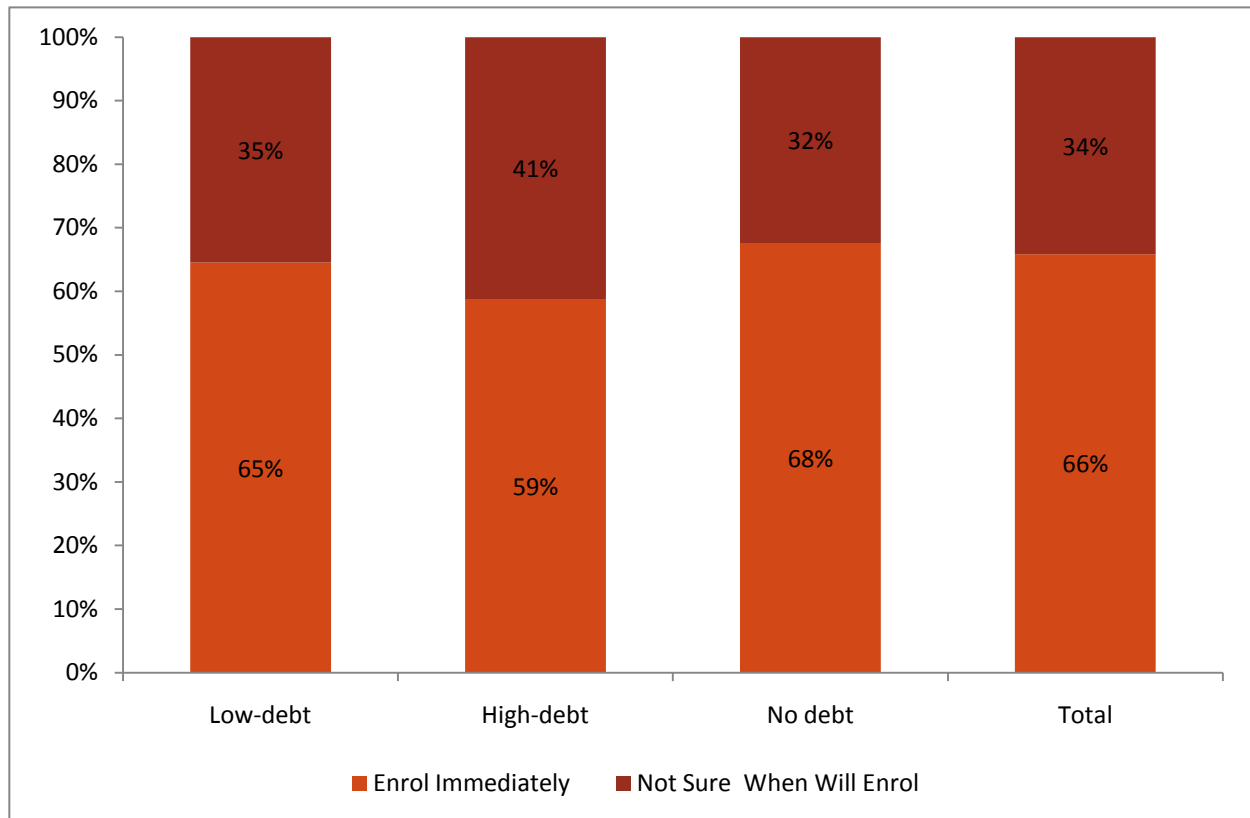
In addition, students with different levels of debt shows that debt does not seem to be a factor in the desire of upper-year students to pursue further post-secondary education: students who have and who don't have debt plan to pursue further post-secondary education in equal numbers. Debt load also is not a factor.

Neither the presence nor the amount of debt appeared to have a significant effect on plans to pursue PSE. Debt load, however, does impact the anticipated timing of enrolment in further post-secondary education. When asked about the likeliness of their delaying further post-secondary education before repaying all or most of their debt one-third reported that they were likely to delay further post-secondary education until they paid off some or all their debt.<sup>13</sup> However, when asked when they planned to enrol in further post-secondary education, students with high-debt were more likely to not be sure about when they would enrol compared to those students who have low-debt, as shown below in Figure 22.

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<sup>13</sup> Students were asked to indicate how likely the following situation was: "I will delay further post-secondary education until I can pay back some or all of your debt." They were asked to answer using a likert scale: 1 – Very Likely, 2 – Likely, 3 – Neutral, 4 – Unlikely, 5 – Very Unlikely, 6 – Not Sure/Don't Know.

**Figure 22: Plans to Enrol by Type of Student**



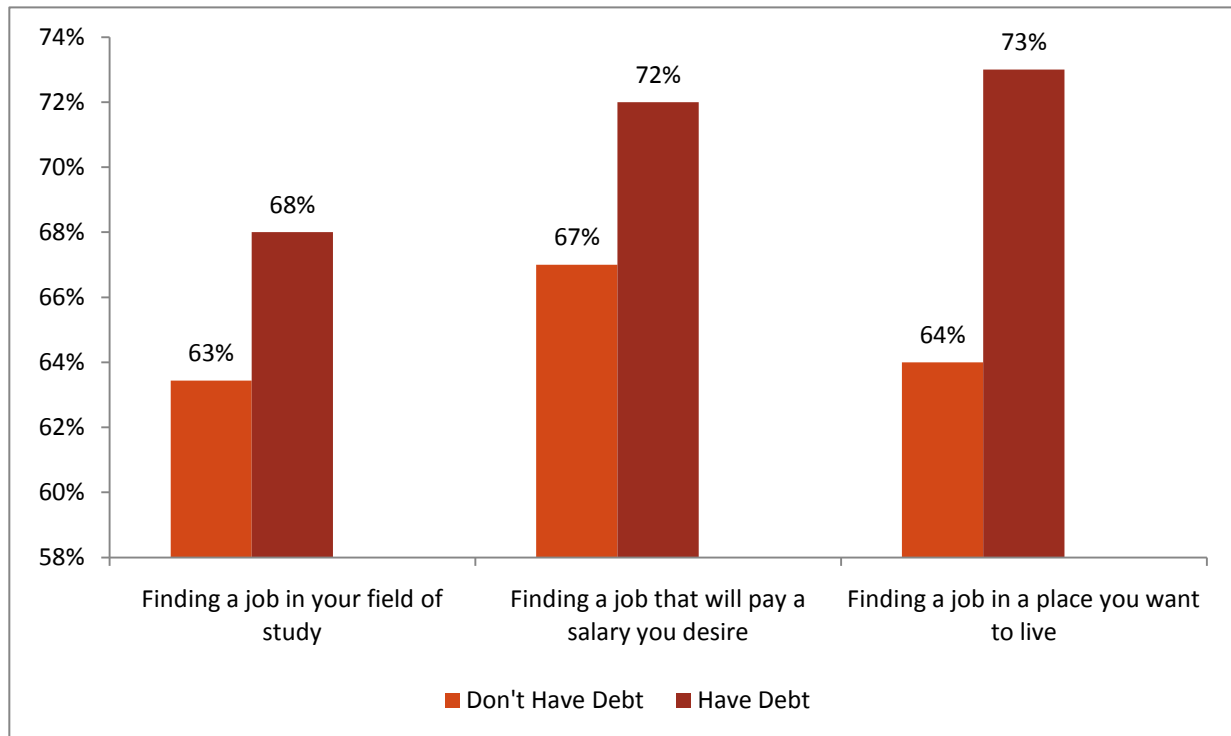
41% of those with high-debt are unsure about when and if they will enrol in further post-secondary compared to 35% of those with low-debt. There weren't differences, however, among the total group of students with debt compared to the total group of students without debt.

### **Impact of Debt on Job Prospects and Living Plans**

Median post-graduation salary expectations were the same for students with debt and students without debt and both groups were equally concerned (37%) with finding a job after graduation. Students with debt, however, were more concerned than those without debt regarding finding a job in their field of study, a job with a salary they desired and a job in a place they desired to live, as shown below in Figure 23.



**Figure 23: Percent Concerned with Finding a Job, for Students with Debt and No Debt**

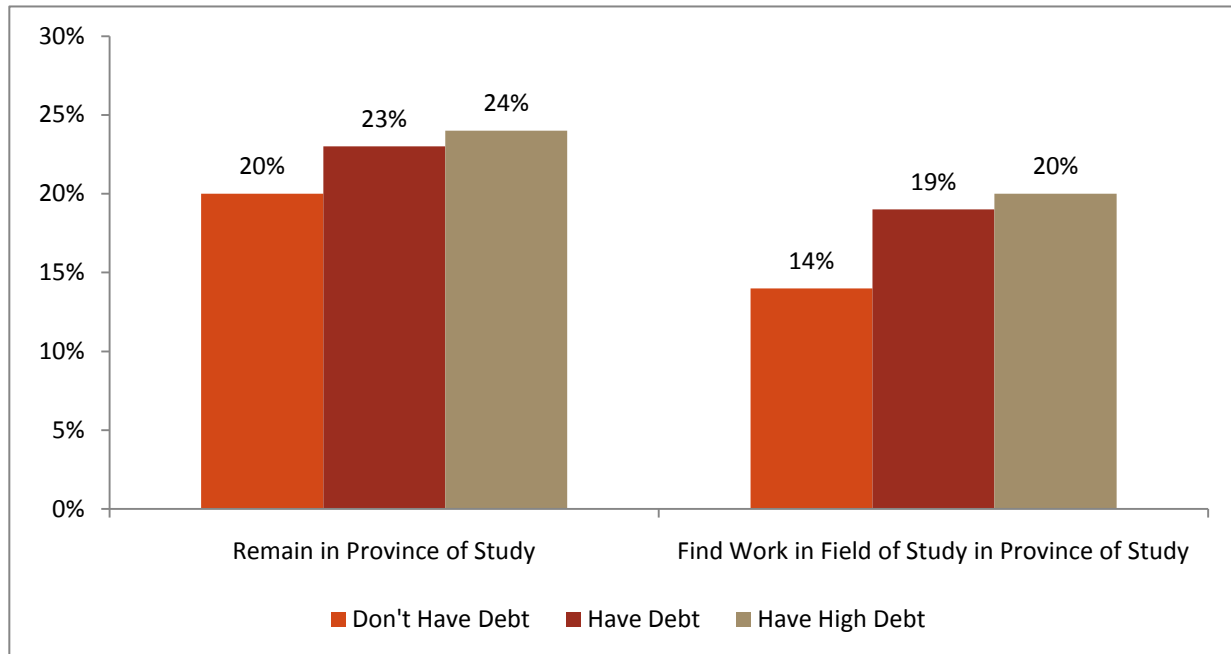


Students who reported high debt were more concerned than the overall group of students with debt about finding a job in their field of study. They were, however, not as concerned about finding a job that would pay a salary they desired or in a place that they wanted to live.

Debt or level of debt did not make a difference in the time that students thought it would take them to find a job after graduation.

Students with debt reported that they were slightly less likely to remain and find a job in their field of study in their province of study after completing their current degree program than their counterparts without debt, as shown below in Figure 24.

**Figure 24: Unlikely to Remain and Find Work in Field of Study in Province and Study by Students who Don't Have Debt, Students who Have Debt and Students who Have High Debt**



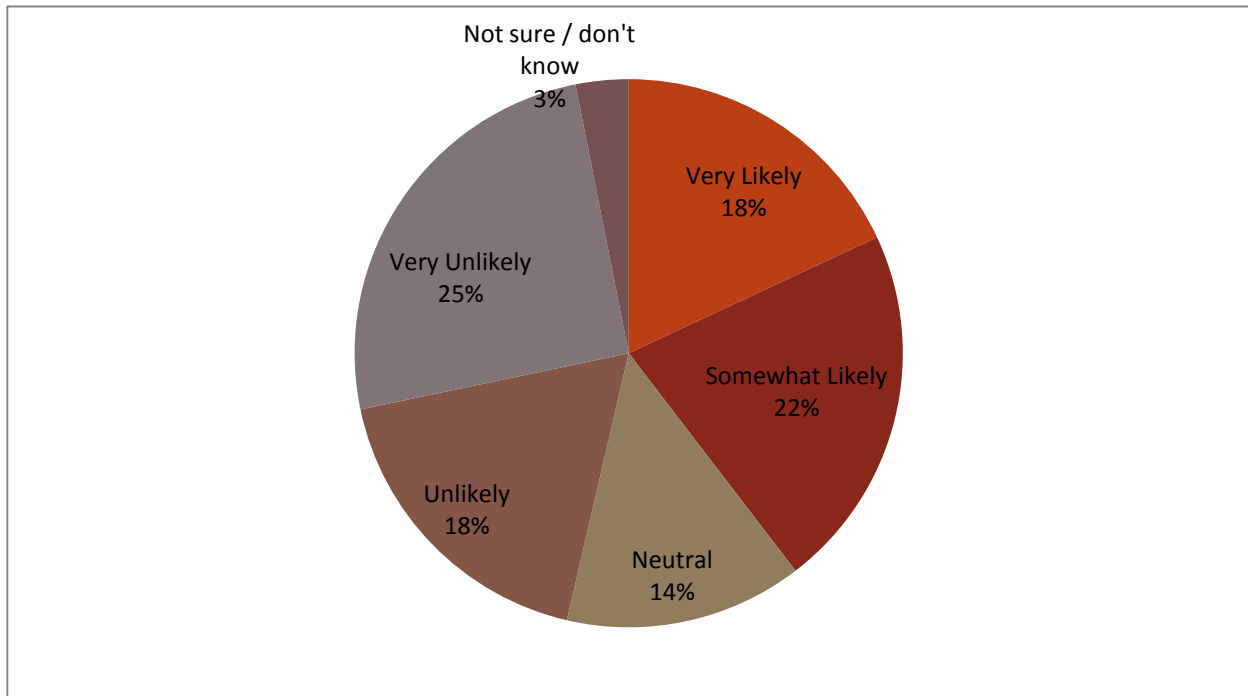
Students with high debt were the least likely to remain in their province or study and to find a job in their field of study in their province of study after graduation. In other words, the presence of debt and the need to repay it, especially for those with higher levels of debt, makes it more likely that students will leave their province of study in order to find work.

### **Impact of Debt on Living Plans**

Students who reported debt were asked about the impact of their accumulated debt on their living situation. Thirty-percent of the upper-year students with debt reported that they were somewhat or very likely to live with their parents until they repaid all or most of their debt, as shown below in Figure 25.<sup>14</sup>

<sup>14</sup> Students were asked to indicate how likely the following situation was: "I will live with my parents when I finish school until I can pay back some or all of your debt." They were asked to answer using a likert scale: 1 – Very Likely, 2 – Likely, 3 – Neutral, 4 – Unlikely, 5 – Very Unlikely, 6 – Not Sure/Don't Know.

**Figure 25: Likelihood of Living with Parents while Repaying Debt among Upper-Year Students Who Reported Debt**



However, nearly half said that they were unlikely to live with their parents despite their debt.

### **Conclusions on Impact of Debt on Future Plans**

Students with debt were only slightly more concerned about finding a job after graduation, (especially one that would pay a desirable salary) than their counterparts without debt. Debt did not seem to make a difference in students' salary expectations or time that they thought it would take to find a job after graduation. Students with high debt were the least likely to think that they would remain in their province of study after completing their degree.

While debt load did not seem to be a factor in upper-year students' decisions to pursue further post-secondary education, it did have an impact on the timing of that enrolment: students with high-debt were more likely to not be sure about when they would enrol compared to those students who have low-debt and compared to all students.

Median post-graduation salary expectations were the same for students with debt and students without debt and both groups were equally concerned with finding a job after graduation. Students with debt, however, were more concerned than those without debt regarding finding a job in their field of study, a job with a salary they desired and a job in a place they desired to live. Students with debt also reported that they were slightly less likely to remain and find a job in their field of study in their province of study after completing their current degree program than their counterparts without debt.

## Summary of Key Findings and Conclusions

Canada's soon-to-be-graduates are nervous about entering the workforce. While a minority of students are concerned about finding any job after graduation, the overwhelming majority of students are concerned about finding jobs to suit their newly-obtained credentials.

Most of Canada's soon-to-be-graduates also plan to pursue further post-secondary education, particularly Masters programs; most plan to pursue those plans within a couple of years of completing their undergraduate education. Students studying Architecture, Engineering and Related Technologies were the mostly likely to say that they were not sure if they would enrol in further PSE, perhaps because those programs can be considered terminal degrees. Students studying in these programs also reported expecting the highest salaries two years after completing their current degrees.

Canadian post-secondary students are accumulating debt from government, family and private sources; two-thirds reported having accumulated debt from one or more source, and 5% reported having accumulated debt from all three of those sources. The median accumulated debt for all types of debt was \$20,000, with students from families with lower socio-economic status and from the Maritimes reporting the highest levels of debt.

Comparing their debt to their expected salaries after graduation, nearly 20% of students should expect to spend 10% or more of their monthly income on debt repayment while 4% should expect to spend 20% or more. These percentages will likely increase due to students' under-estimation of their expected salaries two years after graduation (compared to the actual NGS ones) and the pending increases in interest rates in Canada.

Considering these expected monthly repayment burdens, it is not surprising that more than half of the students with accumulated debt reported being concerned about being able to repay their debt and an even higher percentage of them reported being concerned about the time it would take to repay their debt. Student concern about debt repayment and the time it would take to repay debt increased with debt load, such that those students with high-debt loads were more likely to be concerned about either than those with low-debt loads.

While debt load did not seem to be a factor in upper-year students' decisions to pursue further post-secondary education, it did have an impact on the timing of that enrolment: students with high debt were more likely to not be sure if and when they would enrol in further schooling compared to those students who have low debt and compared to all students.

Students with debt were also more concerned than those without debt regarding finding a job in their field of study, a job with a salary they desired and a job in a place they desired to live. Students with debt also reported that they were slightly less likely to remain and find a job in their field of study in their province of study after completing their current degree program than their counterparts without debt

Graduating students were also likely to return to their province of origin. Twenty-two percent of upper-year survey respondents indicated that they were unlikely or very unlikely to remain in their province of study after completing their studies.

There were some regional differences. Students from Prince Edward Island and Ontario were the most likely to say that they would enrol immediately in further PSE while those from Alberta and New Brunswick were the most likely to say that they were not sure when they would enrol in further PSE. Students from the Maritime provinces had the highest levels of accumulated debt. Students in Nova Scotia, New Brunswick and Prince Edward Island were less likely to remain in their province of study than their counterparts in Ontario and Alberta. Individuals studying in Ontario were the most likely to remain in their province of study after completing their studies.

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