

TRENDS IN MARITIME HIGHER EDUCATION

Volume 15 Number 2

Borrowing to Finance University Education: Class of 2014

September 2018

INTRODUCTION

Many students need to borrow money to finance their university education, whether for a first degree and/or any further education. This report provides detailed information on Class of 2014 borrowing patterns for the first degree (pages 1-4), any further education (page 5), as well as combined borrowing for the first degree and/or any further education (page 6).

Detailed Methodology is provided in Appendix 1.

BORROWING TO FINANCE THE FIRST DEGREE: OVERVIEW

How many Class of 2014 graduates borrowed to pay for their first degree, and how much debt is left to repay two years after graduation? How does this compare to the Class of 2007?

Fewer Class of 2014 graduates borrowed to finance their first degree than did their peers seven years earlier. 43% of Class of 2014 first degree holders did not report borrowing from any source to finance their first degree, compared to 30% of the Class of 2007, an increase of 13 percentage points.

Class of 2014 borrowers accumulated less debt than Class of 2007 borrowers. The Class of 2014's median amount borrowed was \$3,669 less than it was for borrowers in the Class of 2007.

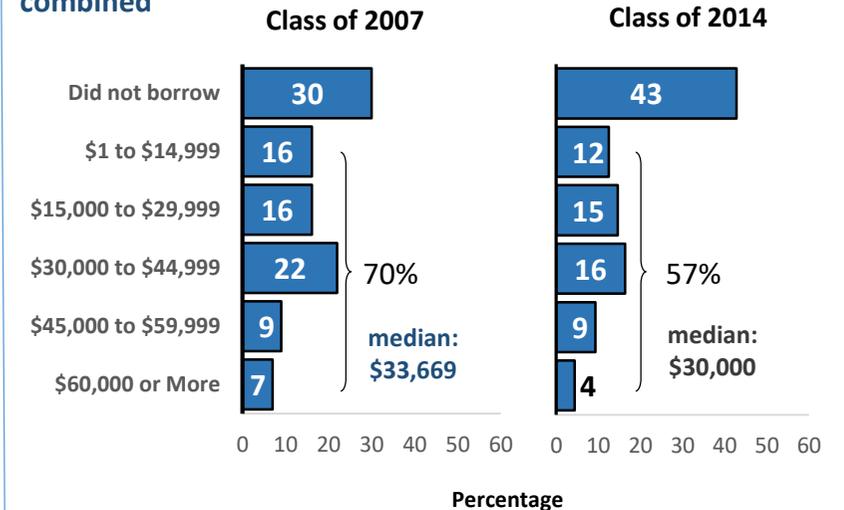
More Class of 2014 graduates had no debt associated with the first degree two years after graduation than did their Class of 2007 peers. 60% of the Class of 2014 had no debt associated with paying for their first degree (including 43% who did not borrow and 17% who completely repaid their loans). This is an increase of 5 percentage points compared to the Class of 2007.

Class of 2014 graduates with remaining debt from the first degree two years after graduation owed \$3,000 less than Class of 2007 graduates.

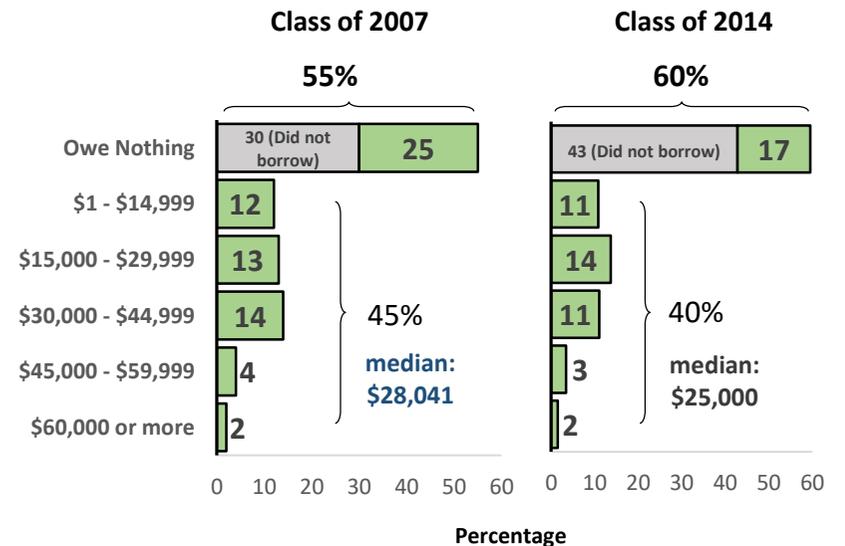
What you should know about the survey:

The survey of Class of 2014 Maritime university graduates was conducted between September 12 and December 6, 2016. The total sample for first degree holders is 2,010, with a margin of error of $\pm 2.0\%$, 19 times out of 20. All statistics presented have been generated from weighted data; data were weighted on the basis of the university of graduation and gender. For more detail, see Appendix 1.

Amount borrowed to finance the first degree, all sources combined



Amount owing for the first degree, 2 years after graduation



Note: Borrowing sources include government, banks/financial institutions [e.g. lines of credit], family and other; the median amounts exclude those who did not borrow (or do not owe); Class of 2007 amounts are expressed in 2016 dollars. Class of 2014 n=2,010; Class of 2007 n= 1,702.

Statistics in charts may not sum to 100 due to rounding.

What are the key demographic characteristics related to borrowing patterns?

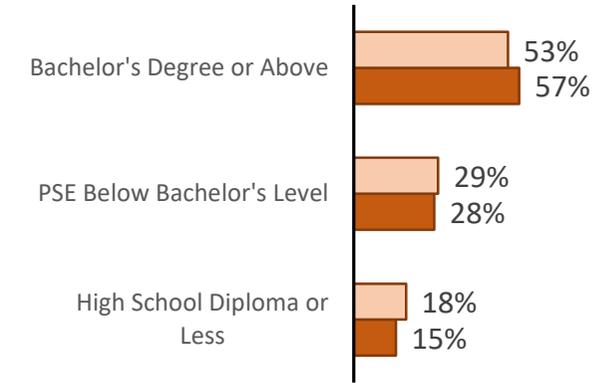
There are two key demographic characteristics important in analyzing patterns related to borrowing:

- **Graduate origin:** residence 12 months prior to enrolling in their degree program, and divided into two groups: Maritimers and non-Maritimers.

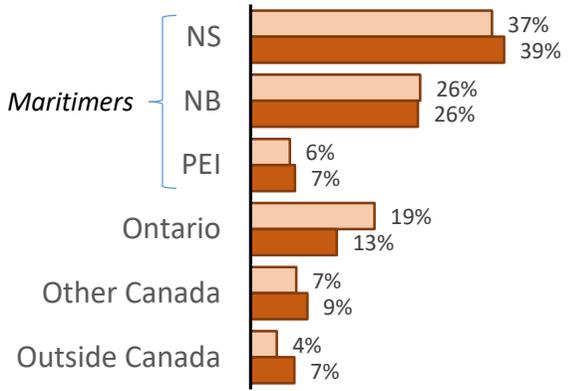
• **Parents' educational attainment (PEA):** This measure is a proxy of socioeconomic status that combines both the mother's and father's highest level of education, and the category is assigned based on the highest level of education of the pair.

These two demographic characteristics are interrelated: Maritimers are more likely to be first generation graduates (i.e., graduates whose parent(s) did not complete post-secondary education), who are more likely to incur debt to finance their education. In this report, Maritimers are given special focus.

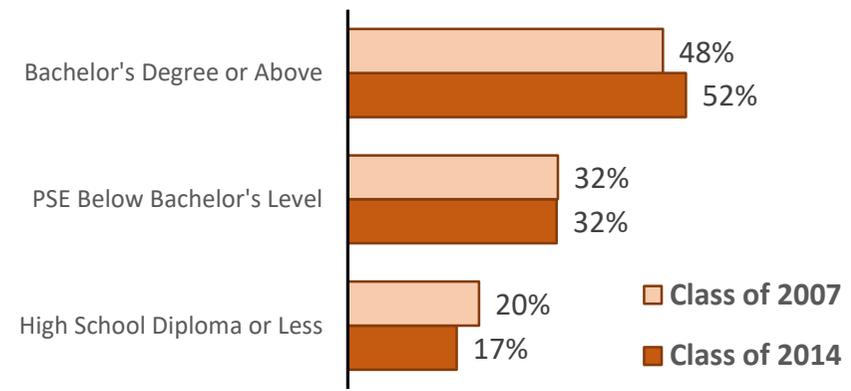
Parents' Educational Attainment: Class of 2014 first degree holders distribution



Place of Residence 12 Months Prior to Enrolling in 2014 degree (first degree holders)

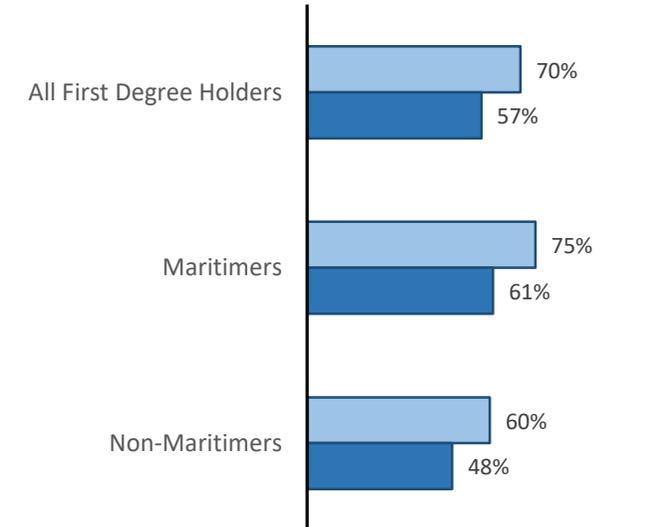


Parents' Educational Attainment: Class of 2014 first degree holders distribution (among Maritimers only)



Borrowing to finance the first degree: How do demographic characteristics influence borrowing patterns?

Percent who borrowed to finance the first degree by graduate origin.

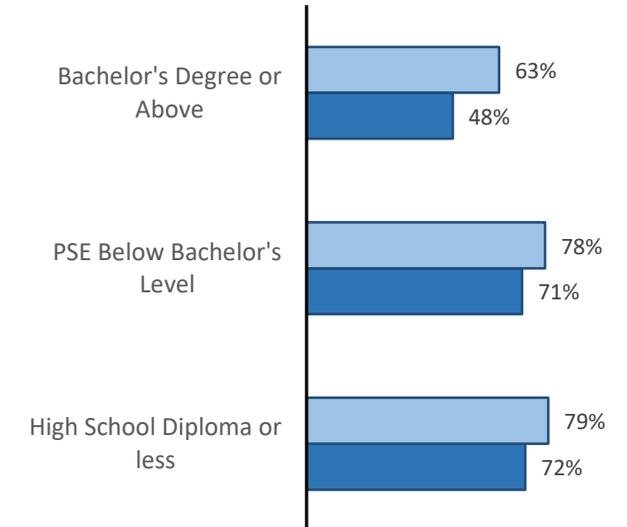


Median total Borrowed*

All First Degree Holders	\$33,669
Maritimers	\$34,000
Non-Maritimers	\$31,424

* Among borrowers

Percent who borrowed to finance the first degree by parents' educational attainment.



Median total Borrowed*

Bachelor's Degree or Above	\$28,057
PSE Below Bachelor's Level	\$35,493
High School Diploma or less	\$39,280

The proportion of graduates who borrowed, and the total median amount borrowed, declined across all demographic groups, between the Classes of 2007 and 2014.

■ Class of 2007 ■ Class of 2014

Note: Borrowing sources include government, banks/financial institutions [e.g. lines of credit], family and other; the median amounts exclude those who did not borrow; Class of 2007 amounts are expressed in 2016 dollars.

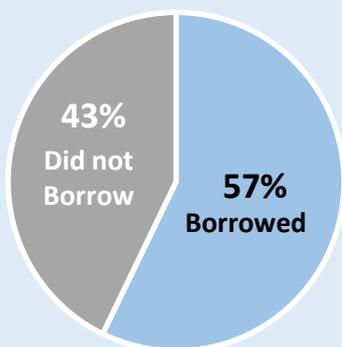
BORROWING TO FINANCE THE FIRST DEGREE:

How much did Class of 2014 graduates borrow to pay for their first degree, and how much do they have left to repay?

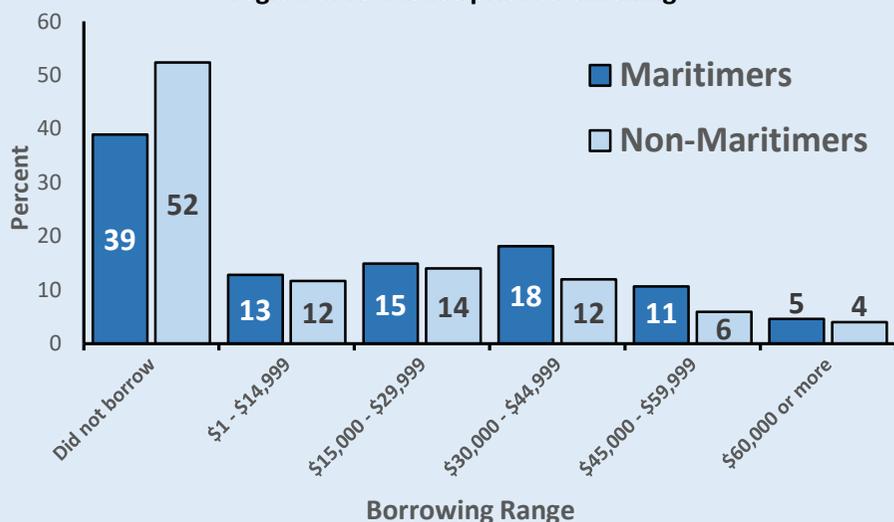
BORROWING FOR FIRST DEGREE

More than half (57%) of all Class of 2014 first degree holders borrowed from government, banks/financial institutions, family and/or other sources to finance their 2014 degree, however, this statistic varies substantially by graduate origin.

- 61% of Maritimers borrowed, 13 percentage points more than non-Maritimers (48%). And among borrowers, Maritimers borrowed more money.
- 34% of Maritimers borrowed \$30,000 or more, compared to 22% of non-Maritimers.
- Maritimers borrowed a median \$30,000, \$5,000 more than non-Maritimers (\$25,000).



Borrowing for first degree (all sources combined), by region of residence prior to enrolling



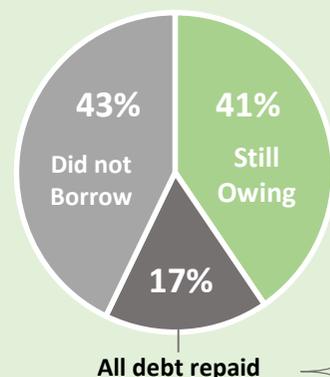
Sources of borrowing

42% of the Class of 2014 cited borrowing from government student loan sources, and 19% borrowed from banks/financial institutions. 14% said they relied on loans from family and 7% from other sources. Maritimers (47%) and first generation graduates (at least 57%) were the most likely to say they borrowed from government sources.

AMOUNT LEFT TO REPAY FOR FIRST DEGREE, TWO YEARS AFTER GRADUATION

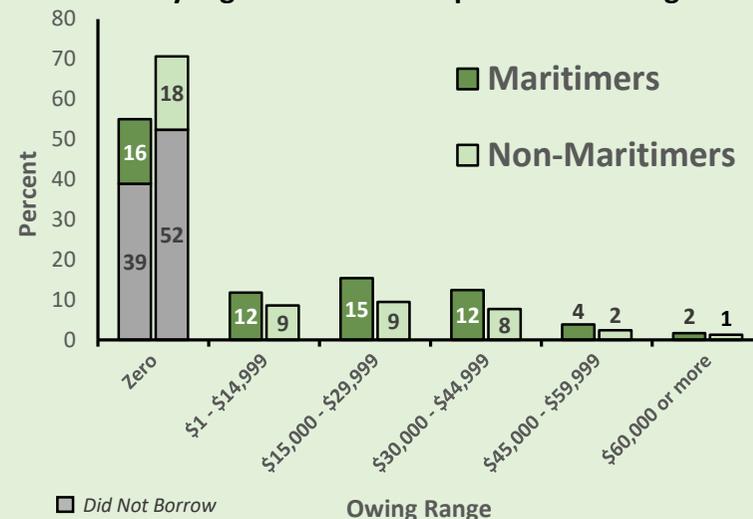
Two years after graduation, 55% of Maritimers had no debt associated with financing their first degree, compared to 70% of non-Maritimers.

First Degree - owing

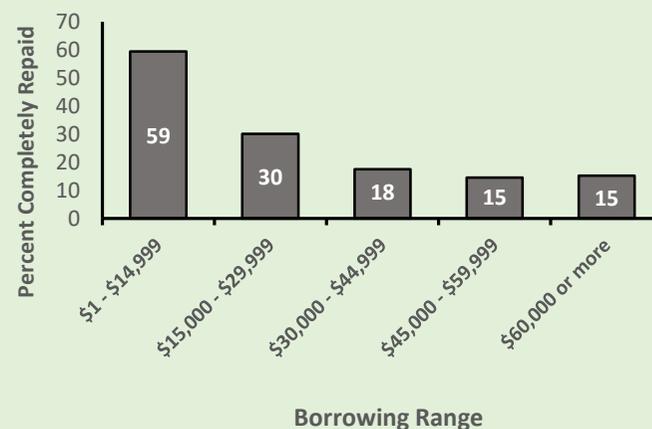


More than half of those who borrowed less than \$15,000, and nearly one-third of those who borrowed between \$15,000 and \$29,999 were able to fully repay their debt within two years of graduation.

Amount owing two years after graduation, by region of residence prior to enrolling



Percentage of borrowers who completely repaid debt by two years after graduation, by amount borrowed



Factors influencing full repayment of debt for first degree

- Graduates who were able to completely repay their debt for their 2014 degree cited a few different reasons. These included: Having a regular income (52%), establishing a financial plan (31%), getting help from family (27%), and living at home (24%).

FINANCING THE FIRST DEGREE:

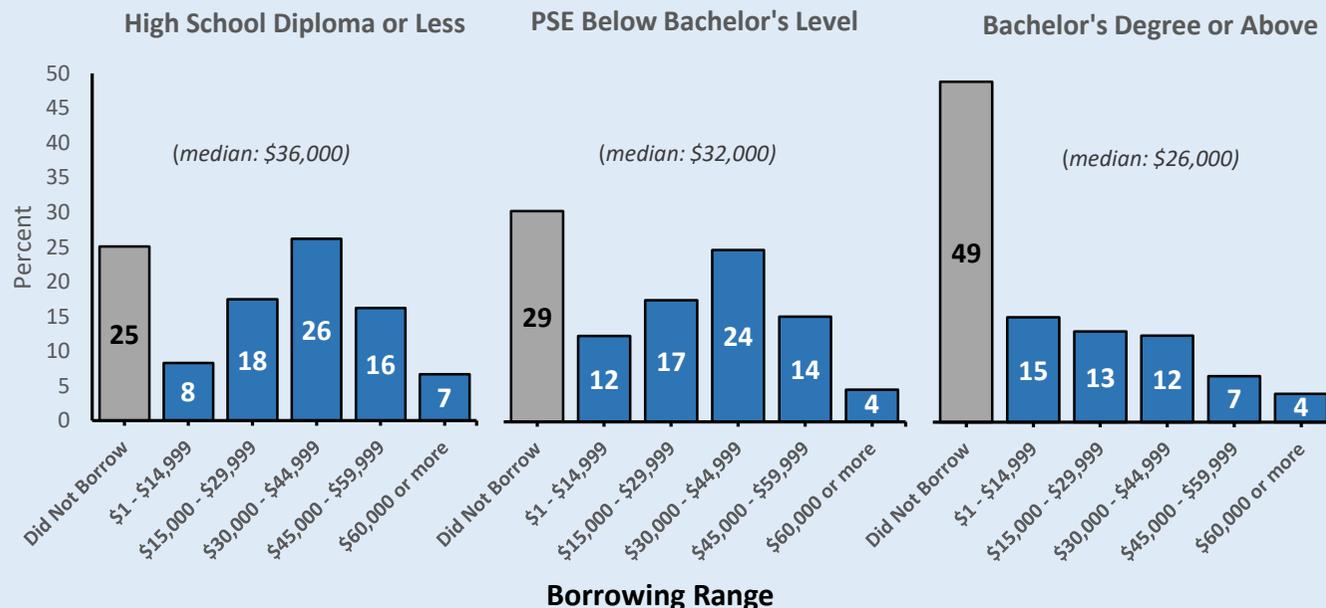
How much did Class of 2014 graduates originally from the Maritimes borrow to pay for their first degree?

This section focusses on Maritimers – those who were living in the region 12 months before enrolling in the 2014 degree – and the relationship between parents' educational attainment and borrowing patterns. Parents' educational attainment serves as a proxy measure of socioeconomic status.

Half (49%) of all Maritimers whose parent(s) had a university degree reported that they did not borrow funds to finance their first degree – nearly double the percentage of those whose parents had a high school diploma or less (25%).

- Almost one-quarter (23%) of Maritimers from the least educated households borrowed \$45,000 or more, compared to 11% of those whose parent(s) have a university degree.
- Among borrowers, there was a difference of \$10,000 in the median amount borrowed, between the highest (\$26,000) and lowest (\$36,000) parental educational attainment groups.

Maritimers: borrowing for first degree (all sources combined) by parents' educational attainment



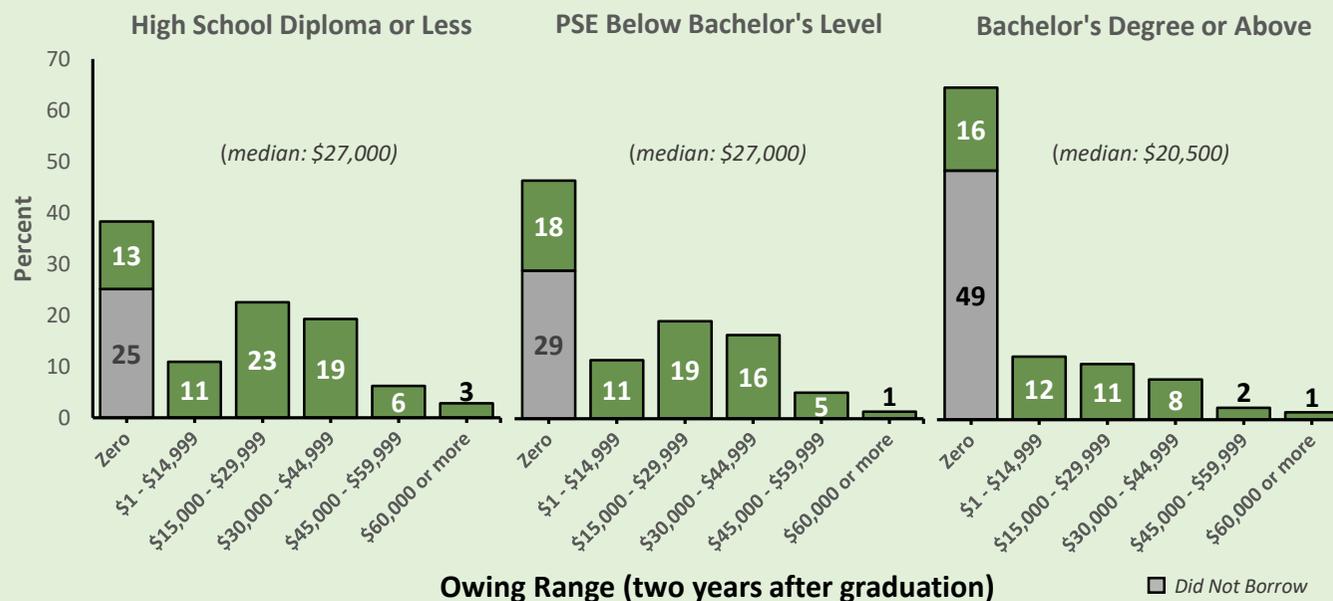
How much do graduates owe two years after graduation?

Having at least one parent with a university degree was related with a higher likelihood of being debt free, and among those still owing, a lower median amount outstanding.

65% of Maritimers whose parent(s) have a bachelor's degree or higher level of education had no debt associated with the first degree two years after graduation. In addition to the 49% who did not borrow in the first place was an additional 16% who completely repaid their debt. Among the 34% who were borrowers in this group, the median debt remaining was \$20,500.

38% of Maritimers whose parents have a high school diploma or less were free of debt associated with the first degree two years after graduation. In addition to the 25% who did not borrow in the first place was an additional 13% who were able to completely repay their debt. Among the 62% who were borrowers in this group, the median debt remaining was \$27,000.

Maritimers: debt remaining for first degree (all sources combined), two years after graduation, by parents' educational attainment

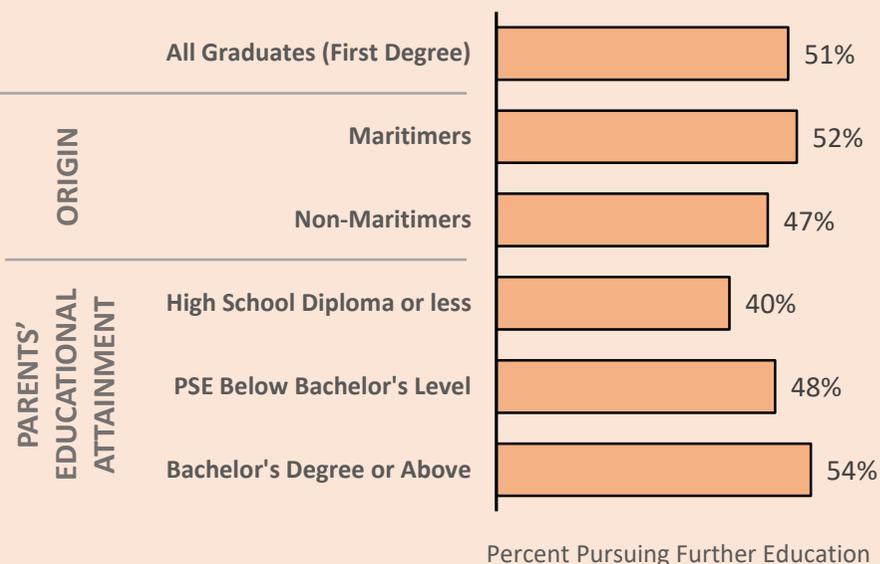


□ Did Not Borrow

PURSuing FURTHER EDUCATION AFTER THE FIRST DEGREE

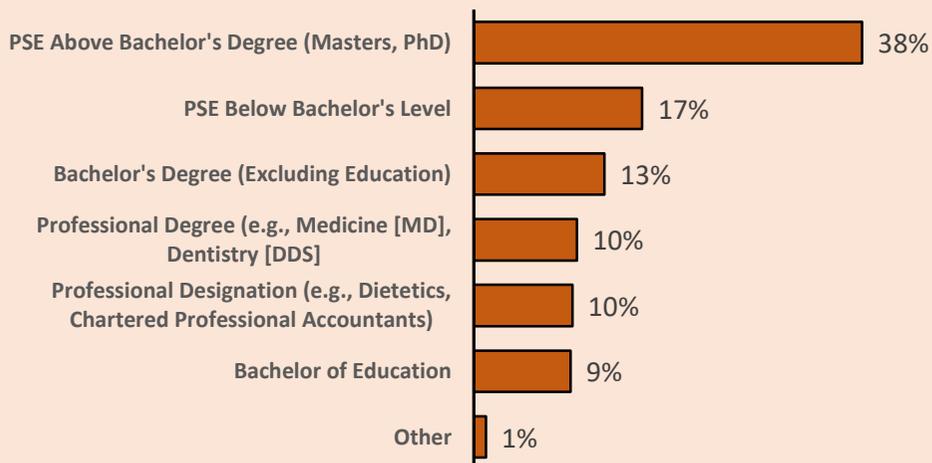
How many Class of 2014 graduates pursued further education, and how much did they borrow?

51% of graduates pursued further education within two years of completing the first degree, however, this rate varies across groups:



The most popular programs in which graduates enrolled for further study were Master's or PhD level (38%). 22% enrolled in a second bachelor's program, including 9% who enrolled in a Bachelor of Education. 17% enrolled in PSE below bachelor's level.

Pursuing Further Study: Distribution by Program



How many graduates borrowed to finance further education?

55% of those graduates who pursued education within two years of completing their first degree also reported borrowing to finance this education.

Among the demographic groups:

Origin	Parents' educational attainment
Maritimers	High school diploma or less
Non-Maritimers	PSE below bachelor's degree
	Bachelor's degree or above

It should be noted that these statistics reflect borrowing patterns for a maximum of two years of enrolment; it may be that more graduates end up borrowing to finance further studies as time goes on.

How much did graduates borrow to finance further education?

Among graduates who pursued further education, 45% did not borrow while 16% borrowed at least \$30,000.

Total amount borrowed for further education:

\$0	45%
\$1 to \$14,999	24%
\$15,000 to \$29,999	15%
\$30,000 to \$44,999	5%
\$45,000 to \$59,999	4%
\$60,000 or more	7%

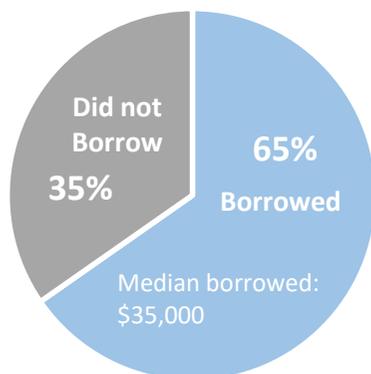
FINANCING THE FIRST DEGREE AND/OR FURTHER EDUCATION

How much did the Class of 2014 graduates borrow to pay for their first degree and/or any further education, and how much do they now owe?

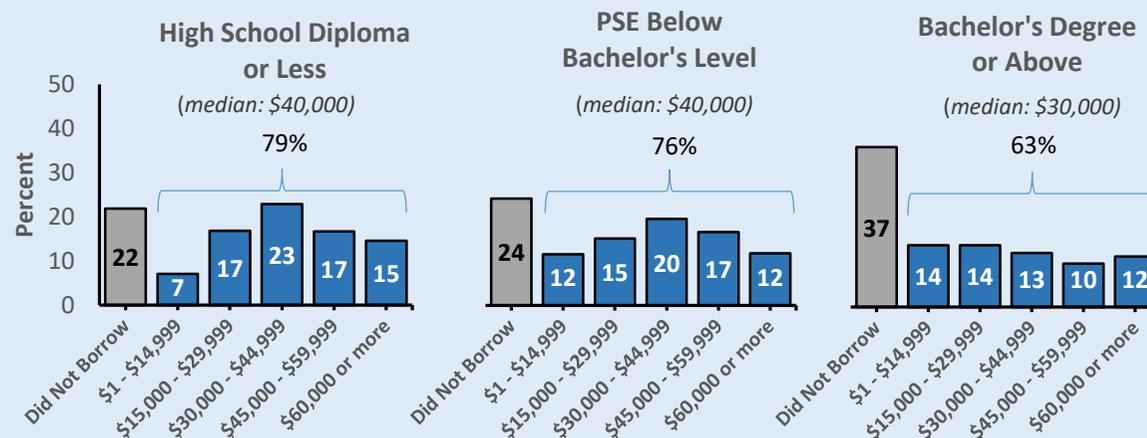
So far we have separately explored graduates' borrowing and debt to finance their first degree as well as any further education pursued within two years of graduating in 2014. This section looks at the combined debt situation of Class of 2014 graduates, providing overall figures for financing the first degree and/or any further education, all sources combined.

Two-thirds of graduates borrowed for their first degree and/or any further education

- 65% reported borrowing to pay for their education. Total accumulated borrowing reached a median \$35,000 among borrowers.
- Maritimers (69%) were more likely than non-Maritimers to borrow (56%).
- Among borrowers, the median total amount borrowed by Maritimers was \$35,000, whereas for non-Maritimers it was \$30,000.



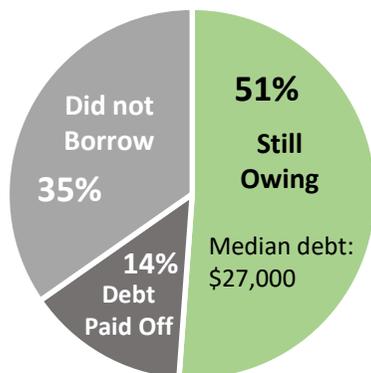
Maritimers: borrowing for first degree *and/or* further education (All sources combined) by parents' educational attainment:



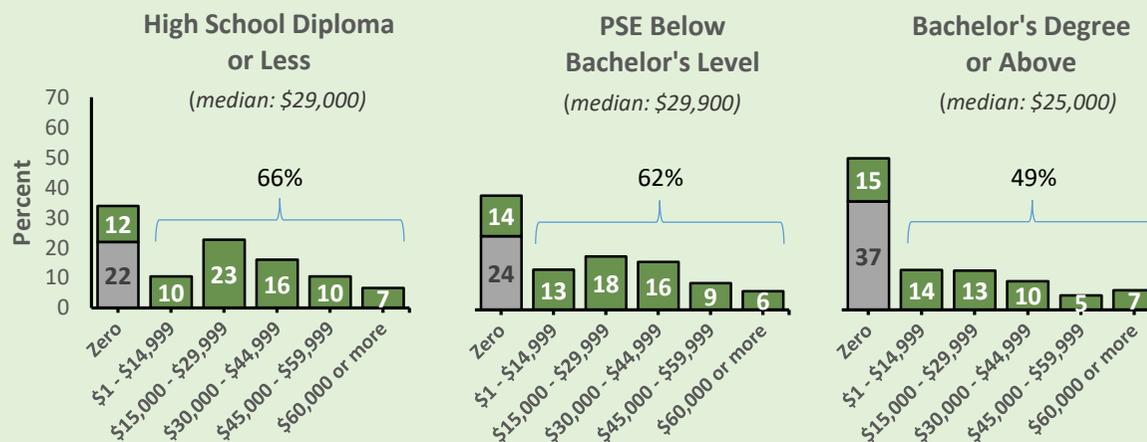
79% of Maritimers whose parents have a high school diploma or less reported borrowing to finance the first degree and/or any further education and 55% borrowed \$30,000 or more. This compares to 63% of graduates whose parent(s) have a university degree (35% borrowed \$30,000 or more).

In 2016, just over half of graduates had outstanding educational debt

- 51% of graduates reported outstanding educational debt in 2016.
- Maritimers (55%) were more likely to still be in debt two years post-graduation than non-Maritimers (41%).
- Among those who still owe, the median amount owing by Maritimers was \$28,000, whereas for non-Maritimers it was \$25,000.



Maritimers: owing for first degree *and/or* further education (all sources combined) by parents' educational attainment:



12% of Maritimers whose parents have a high school diploma or less education reported repaying their educational debt; adding this to 22% who did not borrow, there are 34% who are debt-free. By comparison, 52% of graduates whose parent(s) have a university degree are debt-free (including 15% who repaid all debt, and 37% who did not borrow).

Methodology

Data for the analyses were drawn from the Graduate Outcomes Survey Class of 2014. Data were collected between September 9, 2016 and December 12, 2016 by Advanis Inc. The survey was offered in two modes, telephone and online, and was offered in both English and French. A total of 2,730 surveys were completed, from a population of 11,125 bachelor's graduates in 15 Maritime universities.

The focus of the analysis is limited to first degree holders within the sample (n=2,010). Sample data collected for the Class of 2014 were weighted to gender within institution based on the proportions within the larger population of bachelor's graduates (wN = 2,006). The margin of error for the sample is $\pm 2.0\%$, 19 times out of 20.

More information on the profile of graduates can be found here:

http://www.mphec.ca/media/153892/Class-of-2014_Profile-of-graduates_Trends.pdf

Definitions

First Degree Holder: Graduates reported on whether they had completed any post-secondary certificates, diplomas or degrees prior to enrolling in the degree program from which they graduated in 2014. First-degree holders are defined as graduates who completed a bachelor's degree and who enrolled in the program with a high-school diploma as their highest completed level of education. For first-degree holders, the 2014 degree represents their starting point in postsecondary education; analyses based on this group provide a clearer picture of outcomes and transitions of Maritime university graduates from the beginning of the postsecondary education path.

Graduate Origin: Graduates reported on their region of residence in the 12 months prior to enrolling in the degree program from which they graduated in 2014. Graduates were categorized as either Maritimers (those who were living in New Brunswick, Nova Scotia, or Prince Edward Island) or non-Maritimers (those who were living somewhere other than New Brunswick, Nova Scotia, or Prince Edward Island).

Parents' Educational Attainment: Graduates reported on the highest level of education attained by up to two of their parents. Parental educational attainment comprises three categories:

- High school diploma or less
- PSE below bachelor's degree (includes trade, community college or hospital-based certificates or diplomas, and completion of a university certificate or diploma below the bachelor's level, or attendance at university without earning a credential)
- Bachelor's degree or above (includes bachelor's, first professional, master's or PhD degrees, and graduate level certificates/diplomas)

These categories combine both parents' highest level of education, and the category is assigned based on the highest level of education of the pair.

Pursuing Further Education: Graduates reported on their pursuit of further education after the degree program they completed in 2014. At the time of the survey (two years post-graduation), they indicated whether or not they had enrolled in further education, and if they had, whether or not they were still enrolled, or completed a program(s).

Borrowing: Graduates reported on their sources of funding for the degree program from which they graduated in 2014, and any further education that they pursued following that degree. Graduates who indicated borrowing to finance their education were categorized as borrowers. Funding sources included government student loans, financial institutions/banks, family members and/or a specified other source. Graduates reported the amount borrowed from each source. This information was used to calculate the median amounts borrowed in the report.

Amount owing: Graduates reported the amount of debt that they had remaining to each of the sources from which they had borrowed. This information was used to calculate the median amounts owing given in the report.

For further information, please contact:
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