

Debt load steadily increasing for Canadian students

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OTTAWA (CUP) — A new Statistics Canada report suggests that more Canadian students are taking out loans to finance their education — and are carrying larger debt loads upon graduation.

The study, entitled “The financial impact of student loans,” was released on January 29 and pointed out that increases in tuition fees over the last decade have brought more attention to student borrowing and led to more student debt. The average amount owed in government loans by students graduating in 2005 was \$16,600 — up from \$14,700 in 1995.

The difference becomes even larger when loans from other sources are considered and combined: the average total student debt for graduates in 2005 was \$18,800, compared to \$15,200 just 10 years earlier.

Further, the proportion of students graduating with even bigger amounts of debt has also grown: while only 17 per cent of loan-borrowing graduates graduated with debt amounting to more than \$25,000 in 1995, that number reached 27 per cent in 2005.

“The statistics that were released today basically confirmed what we’ve been saying for the past few months, which is that there [are] more and more students [who] are having to borrow to attend college and university, and we’re seeing students who are [...] graduating with much higher debt loads than in the past,” said Katherine Giroux-Bougard, national chairperson of the Canadian Federation of Students.

NDP postsecondary education critic Niki Ashton agreed that proof of increased student borrowing and debt didn't come as a surprise.

“Certainly the trend isn’t shocking; there (have) been numerous indications of that being the case,” she said. “However, the fact that we’ve got a federal government that’s not responding to that need — despite this ongoing trend — is a shock.”

The study, which was based on three surveys completed between 2002 and 2007, indicated that students are also paying proportionally more for their education while governments are paying proportionally less. Between 1989 and 2009, government funding fell from 72 to 55 per cent of the average revenue of postsecondary institutions, while percentage of revenue from tuition fees more than doubled from 10 to 21 per cent.

Additionally, the study — which conceded that little research has been conducted in the past to examine the effects of loans on students after graduation — found that while post-graduation employment rates remained about the same between borrowers and non-borrowers, students with loans after graduation were much less likely to have savings and investments or own a home.

Canadian Alliance of Student Associations National Director Arati Sharma highlighted that more research needs to be conducted in these areas — but that there are considerably fewer organizations available to investigate long-term issues surrounding post-secondary education.

"We need to do more research," she said, noting that the Canadian Council on Learning think-tank may be closing its doors soon and that the Canadian Millennium Scholarship Foundation has been dissolved. "We really need someone to step in and do that type of research so we can know what students are doing after graduation."

Ashton, who also believes that recent cutbacks in funding for educational research is a key issue, reiterated the need for a national postsecondary education initiative.

"It's a huge priority for us [...] It's also important to get that debate going and [call] on the other parties [and] on the government to support our plan and support a vision for postsecondary education," she said, referring to the NDP's intent to introduce a postsecondary education act in Parliament in the near future.

"We [want to] see that the national government provides leadership — so that it's not something that's left to the provinces, but rather Canada is looking out for the support and the investments that they need to be making in our students and in our future generation," Ashton continued.

Calls were made to Human Resources and Skills Development Canada in an effort to find out if any plans to respond to the student debt statistics were being crafted by the government, but requests for interviews were not immediately returned.

"It would really be a shame if the provincial governments and the federal government didn't take action on this student debt crisis, especially at a time when there's a number of Canadians [who] are out of work, looking for retraining," Giroux-Bougard said. "Both levels of government should really be seeing post-secondary education as an area of investment — one that's going to pay dividends for the governments for years to come."