



**University
of Victoria**

Study on Affordability and Accessibility

Prepared by Institutional Planning and Analysis

Report to the Provost and Vice-President Academic

Results to be presented to
Board of Governors (2009-2010)

This report available at
<http://web.uvic.ca/vpac/> and <http://www.inst.uvic.ca/>

Strategic Plan Objective 2: To actively recruit and retain outstanding students from diverse regions and backgrounds and **to remove all barriers to admission and retention other than academic and creative potential.**

In 2002, the provincial government lifted a six-year tuition freeze at BC's public post-secondary institutions. In each of the three years since the freeze was lifted, undergraduate domestic tuition at the University of Victoria increased by 30%, 30% and 16.6%. Most recently, government has instituted limits on the increases to tuition to the rate of inflation in the province (approximately 2%).

While the increases to tuition have slowed, there continues to be concern that higher education in the province may no longer be as widely accessible as it has been in the past. In particular, the Board of Governors wants to be vigilant to ensure that tuition increases do not cause the socio-economic profile of undergraduate students to change.

Under the leadership of the Vice-President Academic and Provost, Institutional Planning and Analysis has developed an ongoing long-term study to monitor and analyze the effect of tuition increases on affordability and accessibility. The study has three principal components:

1. An assessment of the financial and socio-economic status of new applicants and registrants.
2. A survey of new and continuing students on the affordability of post-secondary education.
3. The monitoring of debt loads and debt repayment of baccalaureate graduates two and five years after graduation.

Taken together, these studies will assist in determining the impact of tuition fee increases on accessibility and affordability to BC university education.

1. Financial and socio-economic status of new applicants and registrants: Family Income Study

The relationship between family income and university attendance has been well established (Corak, Lipps, Zhao, 2003): lower family income reduces the probability of university attendance. What is less clear in the research literature is whether the differences in participation are a result of financial barriers. The available evidence suggests a more complex relationship between university attendance and socio-economic status (Butlin, 1999, Foley, 2003). Nevertheless, there is concern that the increases in tuition fees at BC universities have been substantial enough to adversely affect students from lower income groups.

Universities do not collect information on the financial or socio-economic status of their students or applicants, nor would it be appropriate to do so. Therefore indirect methods must be used to determine trends in access based on income factors. We use a method based on postal codes and taxation data to

approximate family income of applicants and registrants. Statistics Canada data on median family income by neighbourhood (postal code forward sortation area) is used as a proxy for the distribution of household incomes of UVic applicants and registrants.

The data for this study was drawn from two sources: a combined data file of BC grade 12 applicants and registrants to BC universities; and, a special tabulation file from Statistics Canada of 2001 BC Tax Filer data that includes median income (of families with children) by postal code Forward Sortation Area (FSA's) along with the number of families (with children) within an FSA. It is important to realize that the data results in a correlation, not an actual measure of income. Our study makes use of the relatively safe assumption that university participation will be correlated with median family income of the FSA.

Given that median family incomes have increased relatively steadily in Canada since 2002, it is important to distinguish between the effects of rising income and university participation by income band. By holding family income constant at 2002 levels, we are able to distinguish if the distribution of family income among applicants and registrants to UVic has changed. In other words, changes to the income distribution will reveal a change in the socio-economic make-up of our applicants and registrants

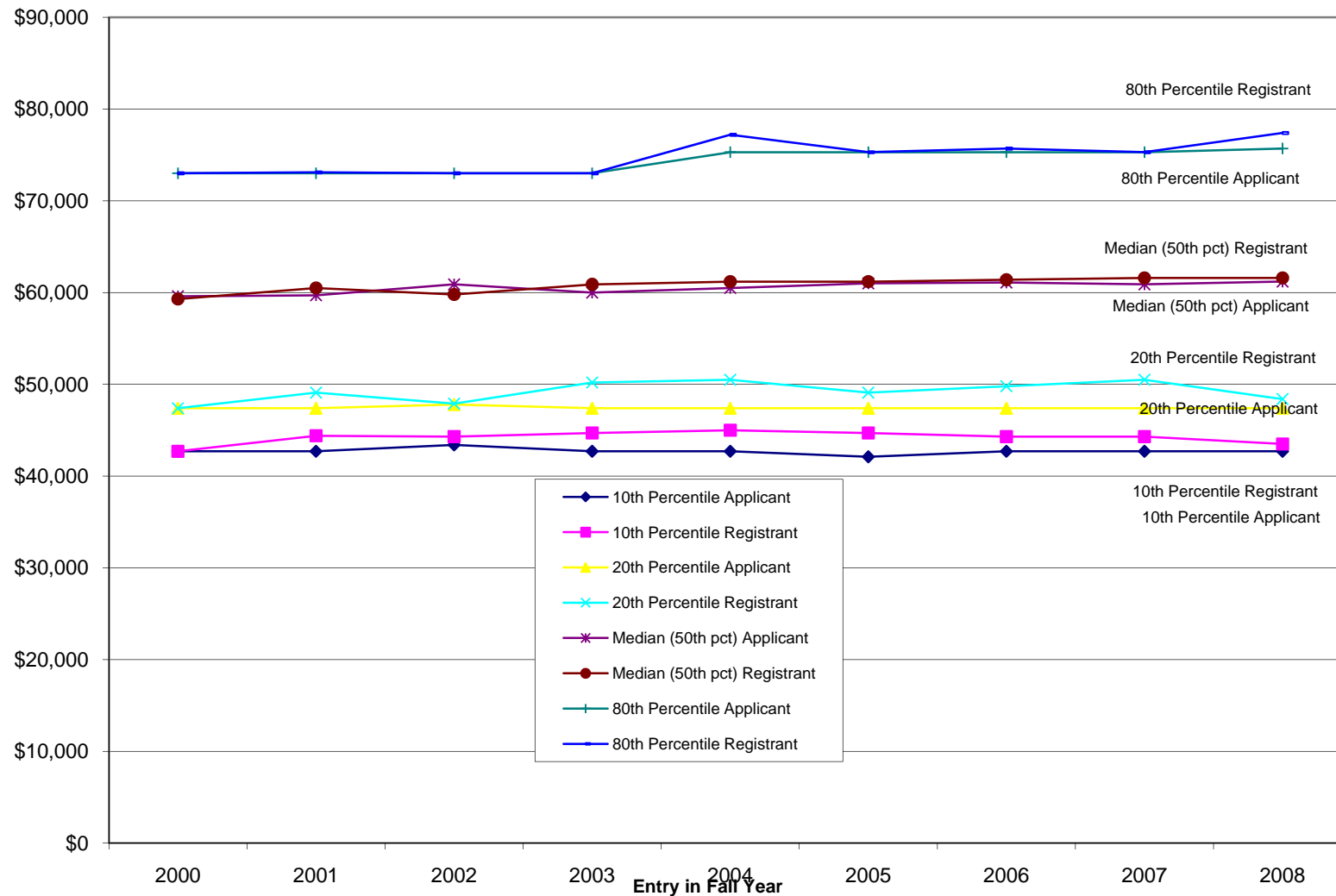
Over the nine years that applicant and registrant family income has been tracked, income levels have remained relatively stable. In fact, at the 10th, 20th, 50th and 80th percentiles, median family income levels of applicants and registrants are never more than \$3,100 apart and in most cases are virtually identical. The increases in income by percentile band are generally uniform and there is no statistically significant difference between incomes over the study period. Indeed, where there are increases in income levels, they occurred as frequently in years with no increases in tuition.

In the period immediately before tuition increases occurred (from 2001 onwards to 2008) socio-economic diversity of applicants in the 10th and 20th percentiles remain unchanged suggesting that a consistent proportion of students from lower income bands continued to apply to UVic. The socio-economic diversity of new registrants from the lowest income bands (10th percentile and 20th percentile) actually increased from 2001 onwards – a reflection of UVic's bursary program introduced in 2001 that targeted those students with the greatest need.

Table 1

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2001-2008 Change |
|-------------------------------|-----------|-----------|------------|------------|--------------|-----------|-----------|-----------|-----------|---------------------|
| <i>Change in UVic Tuition</i> | <i>0%</i> | <i>0%</i> | <i>30%</i> | <i>30%</i> | <i>16.6%</i> | <i>2%</i> | <i>2%</i> | <i>2%</i> | <i>2%</i> | |
| 10th Percentile Applicant | \$ 42,700 | \$ 42,700 | \$ 43,400 | \$ 42,700 | \$ 42,700 | \$ 42,100 | \$ 42,700 | \$ 42,700 | \$ 42,700 | 0.0% |
| 10th Percentile Registrant | \$ 42,700 | \$ 44,400 | \$ 44,300 | \$ 44,700 | \$ 45,000 | \$ 44,700 | \$ 44,300 | \$ 44,300 | \$ 43,500 | -2.0% |
| 20th Percentile Applicant | \$ 47,400 | \$ 47,400 | \$ 47,800 | \$ 47,400 | \$ 47,400 | \$ 47,400 | \$ 47,400 | \$ 47,400 | \$ 47,400 | 0.0% |
| 20th Percentile Registrant | \$ 47,400 | \$ 49,100 | \$ 47,900 | \$ 50,200 | \$ 50,500 | \$ 49,100 | \$ 49,800 | \$ 50,500 | \$ 48,400 | -1.4% |
| Median (50th pct) Applicant | \$ 59,600 | \$ 59,700 | \$ 60,900 | \$ 60,000 | \$ 60,500 | \$ 61,000 | \$ 61,100 | \$ 60,900 | \$ 61,200 | 2.5% |
| Median (50th pct) Registrant | \$ 59,300 | \$ 60,500 | \$ 59,800 | \$ 60,900 | \$ 61,200 | \$ 61,200 | \$ 61,400 | \$ 61,600 | \$ 61,600 | 1.8% |
| 80th Percentile Applicant | \$ 73,000 | \$ 73,000 | \$ 73,000 | \$ 73,000 | \$ 75,300 | \$ 75,300 | \$ 75,300 | \$ 75,300 | \$ 75,700 | 3.7% |
| 80th Percentile Registrant | \$ 73,000 | \$ 73,100 | \$ 73,000 | \$ 73,000 | \$ 77,200 | \$ 75,300 | \$ 75,700 | \$ 75,300 | \$ 77,400 | 5.9% |

**Figure 1: Neighborhood Family Income of
BC Grade 12 Applicants and Registrants to UVic**



Sources: UVic Student Information Systems; Statistics Canada Family Neighborhood Income

There are only slight variations in median income at any income-band (Figure 1.) As such, there is little to suggest that the socio-economic make-up of our entering undergraduate population has changed over the last six years.

As the survey results that follow will reveal, many students do suffer economic hardship during the route to their degree, but they appear to be making the necessary adjustments and sacrifices to accommodate current higher tuition.

2. Student Survey on University Affordability and Accessibility

In December 2004, undergraduate students from UVic, UBC, SFU and UNBC were invited to complete a web-based survey. Questions focused on parental background and income, student income, the means by which students funded their educational costs, steps taken by students to control their educational costs, means by which students might handle increased tuition fees, and feedback on where students would like their tuition fees spent. Survey participants were also given the opportunity to provide open-ended comments.

Over 3,400 UVic students responded to the survey (16,925 UVic undergraduate students were sent up to three email reminders inviting them to participate) for a response rate of 20.3%. The survey was directed at the entire undergraduate population and includes students from all year levels.

Students were asked a series of questions to determine the means by which they fund their university education. Respondents indicated that employment income and savings were the most common sources of funding followed by help from parents/family and scholarships and bursaries. For those that reported using that funding, median amounts suggest that government student loans were the largest single source of funds (\$9,000 is the median amount) although this type of financing was reported by only 30.7% of respondents.

| How are you paying for your year at University (including tuition, living, books and transportation expenses)? | | |
|--|----------------|---------------------------------|
| | % using source | Median \$ of those using source |
| Income from work/employment | 78.9% | \$5,000 |
| Savings | 60.8% | \$3,000 |
| Gift from parents/family providing direct funds | 48.7% | \$4,000 |
| Borrowing from parents/family | 36.5% | \$3,000 |
| Scholarships/bursaries | 32.1% | \$2,000 |
| Government Student Loans | 30.7% | \$9,000 |
| Additional Debt (loans, lines of credit, etc.) | 22.5% | \$2,000 |

Survey participants were asked to indicate the steps they have taken to control their living and educational costs in order to meet their expenses. The step most commonly cited by students is to cut back on extras (78.6%), such as entertainment, followed by summer employment (68.9%), and then by employment during the school term (53.3%).

| What steps have you taken to control your living and education costs and meet your expenses? | |
|--|-------|
| | % |
| Cut back on extras (entertainment, etc.) | 78.6% |
| Summer employment | 68.9% |
| Employment during school term | 53.3% |
| Live in shared accommodations | 41.5% |
| Cut back on necessities | 35.5% |
| Borrowed money from parents/guardians | 34.3% |
| Take fewer courses | 29.6% |
| Living off my credit cards | 20.7% |
| Live at home | 20.1% |
| Attend a local university | 16.1% |
| Borrowed money from a bank | 14.2% |
| Other | 8.1% |
| Taking a cheaper program | 2.4% |
| None | 2.2% |

In order to ascertain how students might manage increased tuition fees, a number of possible actions were posed to survey participants. Given that students who receive parental support would likely respond differently than those who do not receive this kind of support, the responses have been disaggregated.

The greatest percentage of students are likely to cut back on extras (88.3% for those supported by parents and 89.4% of those not supported by parents), followed by ask for/borrow more money from parents (73.7% for those supported by parents although only 32.4% of those not supported by parents) and cut back on necessities (73.5% for those not supported by parents and 67.3% for those supported by parents). The action students anticipated being least likely is to quit their studies permanently although this scenario was about twice as likely for those who do not receive parental support (18.9% compared to 9.3% for those who receive parental support).

| If tuition increased, likelihood that respondents would take the following action | | |
|---|----------------------------|--------------------------------|
| | Parents helping to support | Parents not helping to support |
| Ask for/borrow more money from a bank | 45.3% | 57.2% |
| Ask for/borrow more money from Canada Student Loans program | 60.3% | 71.1% |
| Ask for/borrow more money from parents/guardians | 73.7% | 32.4% |
| Cut back on extras | 88.3% | 89.4% |
| Cut back on necessities | 67.3% | 73.5% |
| Earn more money | 69.7% | 57.0% |
| Finish program sooner than planned by taking heavier course load | 30.0% | 23.1% |
| Leave/quit studies permanently | 9.3% | 18.9% |
| Leave/quit studies temporarily | 28.0% | 42.6% |
| Take fewer courses | 44.0% | 51.8% |
| Take longer to complete program due to extra time spent in employment | 53.3% | 63.1% |

When asked how university costs should be distributed, students responded that on average 82.9% should be paid by government, 16.8% by students and families.

Finally, students were asked how they would like to see their tuition fees spent. The largest single response (57.6%) was that UVic should put on new courses, followed closely (57.1%) by bursary and scholarship programs. Additional course sections (54.9%), increased student financial assistance (53.6%), and reduced class sizes (48.1%) all followed closely.

These survey results have been used to inform where new tuition revenues are spent at UVic – please see the report, “General and Tuition Revenue Funded Expenditures” available at the university’s accountability web page (<http://web.uvic.ca/president/accountability/>).

| Where do you want to see your tuition fees spent? | |
|--|-------|
| Addition of new courses | 57.6% |
| Bursary/Scholarship Programs | 57.1% |
| More course sections | 54.9% |
| Student financial assistance | 53.6% |
| Reduce class sizes | 48.1% |
| Improve instructional technology and equipment | 36.7% |
| Technology improvements | 35.8% |
| Library improvements | 28.6% |
| Building improvements | 25.4% |
| Teaching assistants | 24.7% |
| Curriculum improvements | 24.6% |
| Student Health | 23.4% |
| Research | 18.8% |
| Recycling programs | 18.8% |
| Student Housing | 16.1% |
| Transportation | 14.9% |
| Student Parking | 14.9% |
| Food Services | 12.6% |
| Recreation | 12.2% |
| Student Societies and Clubs | 11.8% |
| Safety on campus | 10.3% |
| Other curriculum improvements | 7.6% |

3. Debt load and debt repayment by baccalaureate graduates

Evidence from the annual survey of baccalaureate graduates suggests that around half of UVic grads complete their program with debt. Two-years after graduation, UVic grads have repaid 16% of their outstanding debt. Five-years after graduation, they have repaid 38% of their outstanding debt. Differences in debt-loads between UVic graduates and grads from the other BC universities are largely attributed to the fact that 70% of UVic students have come from outside the Greater Victoria region in order to study, thereby incurring higher living costs (less likely to be living at home during their studies).

5 years after graduation (2005 Survey of 2000 Grads) . There was a 2007 Survey of 2002 Grads but the response rate was too low to provide valid statistics.

Percent who incurred debt

UVic: 52%

Provincial Average: 45%

Median Debt upon graduation (for those with debt)

UVic: \$20,000

Provincial Average: \$18,000

Percent who have repaid all debt

UVic: 38%

Provincial Average: 41%

Amount left to be repaid

UVic: \$6,000

Provincial Average: \$5,000

2 years after graduation (2008 Survey of 2006 Grads)

Percent who incurred debt

UVic: 51%

Provincial Average: 49%

Median Debt upon graduation (for those with debt)

UVic: \$25,000

Provincial Average: \$20,000

Percent who have repaid all debt

UVic: 22%

Provincial Average: 26%

Amount left to be repaid

UVic: \$13,000

Provincial Average: \$10,500

4. Conclusions

Despite tuition increases which have lately been limited, most students are meeting their financial needs by reducing their expenses and accessing additional income. Most also expect that they will find a way to cope with further increases. There is, however, a small group of students who are at the margin where further cost increases would prevent them from completing their studies. This provides some guidance to the university in the continued formulation of appropriate financial assistance policies. Students access a wide variety of sources of income to pay for their education – while student income and parental/family contributions play a key role, scholarships, bursaries and loans are also major contributors.

5. References

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