



**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 (2013-2014)

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 and indeed are capped at 2% per annum, 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 two principal components:

1. An assessment of the financial and socio-economic status of new applicants and registrants.
2. 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 neighborhood (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 the University of Victoria; 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 2001, it is important to distinguish between the effects of rising income and university participation by income band. By holding family income constant at 2001 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. Given that over a decade that has elapsed since 2001, for ease of interpretation, these 2001 income levels have been restated in 2010-11 dollars using the Consumer Price Index for Vancouver.

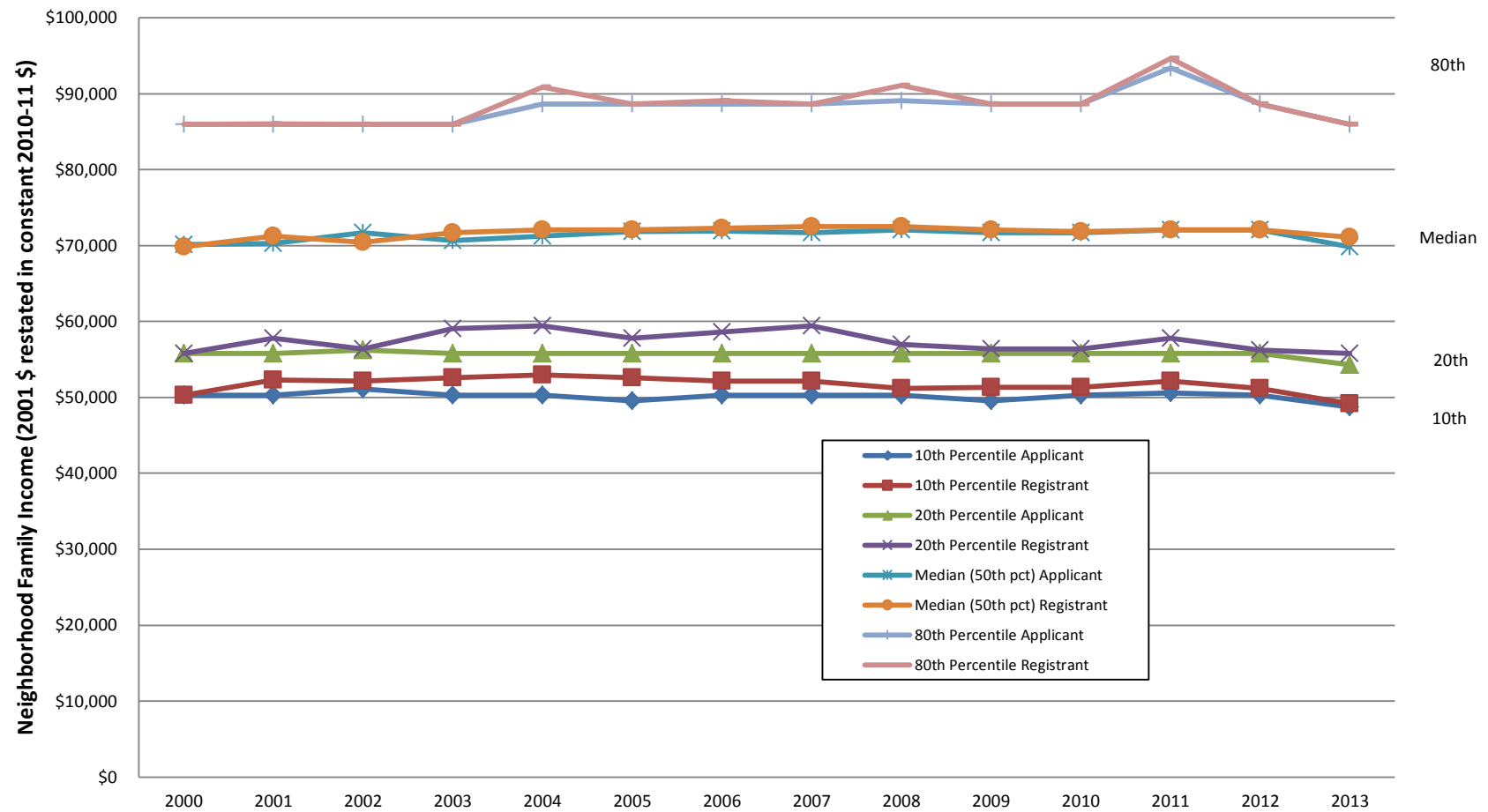
Over the thirteen years that applicant and registrant family income has been tracked, income levels have remained relatively stable. In fact, at the 10<sup>th</sup>, 20<sup>th</sup>, 50<sup>th</sup> and 80<sup>th</sup> percentiles, median family income levels of applicants and registrants are never more than \$4,200 apart and in most cases are virtually identical. For the most recent year (2013) income differences between applicants and registrants are within \$2,000 of each other. 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 2012) socio-economic diversity of applicants and registrants in the 50<sup>th</sup> and 80<sup>th</sup> percentiles has remained largely unchanged. In the 10<sup>th</sup> and 20<sup>th</sup> percentiles (the lowest income bands), socio-economic diversity of new applicants and registrants 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:  
Neighborhood Family Incomes of UVic Applicants and Registrants  
From BC Grade 12 (2001 dollars restated to 2010-11)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2001 to 2013 Change
<i>Change in UVic Tuition</i>	0%	0%	30%	30%	16.6%	2%	2%	2%	2%	2%	2%	2%	2%	2%	
10th Percentile Applicant	\$ 50,266	\$ 50,266	\$ 51,090	\$ 50,266	\$ 50,266	\$ 49,560	\$ 50,266	\$ 50,266	\$ 50,266	\$ 49,560	\$ 50,266	\$ 50,619	\$ 50,266	\$ 48,736	-3.0%
10th Percentile Registrant	\$ 50,266	\$ 52,267	\$ 52,149	\$ 52,620	\$ 52,974	\$ 52,620	\$ 52,149	\$ 52,149	\$ 51,208	\$ 51,325	\$ 51,325	\$ 52,149	\$ 51,208	\$ 49,207	-5.9%
20th Percentile Applicant	\$ 55,799	\$ 55,799	\$ 56,270	\$ 55,799	\$ 55,799	\$ 55,799	\$ 55,799	\$ 55,799	\$ 55,799	\$ 55,799	\$ 55,799	\$ 55,799	\$ 55,799	\$ 54,268	-2.7%
20th Percentile Registrant	\$ 55,799	\$ 57,800	\$ 56,387	\$ 59,095	\$ 59,448	\$ 57,800	\$ 58,624	\$ 59,448	\$ 56,976	\$ 56,387	\$ 56,387	\$ 57,800	\$ 56,270	\$ 55,799	-3.5%
Median (50th pct) Applicant	\$ 70,160	\$ 70,278	\$ 71,691	\$ 70,631	\$ 71,220	\$ 71,809	\$ 71,926	\$ 71,691	\$ 72,044	\$ 71,691	\$ 71,691	\$ 72,044	\$ 72,044	\$ 69,807	-0.7%
Median (50th pct) Registrant	\$ 69,807	\$ 71,220	\$ 70,396	\$ 71,691	\$ 72,044	\$ 72,044	\$ 72,279	\$ 72,515	\$ 72,515	\$ 72,044	\$ 71,809	\$ 72,044	\$ 72,044	\$ 71,102	-0.2%
80th Percentile Applicant	\$ 85,935	\$ 85,935	\$ 85,935	\$ 85,935	\$ 88,642	\$ 88,642	\$ 88,642	\$ 88,642	\$ 89,113	\$ 88,642	\$ 88,642	\$ 93,351	\$ 88,642	\$ 85,935	0.0%
80th Percentile Registrant	\$ 85,935	\$ 86,053	\$ 85,935	\$ 85,935	\$ 90,879	\$ 88,642	\$ 89,113	\$ 88,642	\$ 91,114	\$ 88,642	\$ 88,642	\$ 94,646	\$ 88,642	\$ 85,935	-0.1%

## Neighborhood Family Income of BC Grade 12 Applicants and Registrants to UVic



Sources: UVic Student Information Systems; 2001 Statistics Canada Family Neighborhood Income; 2010-11 Consumer Price Index (Vancouver)

There are only modest variations in median income at any income-band (Table 1 and 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 seven years. The lone exception is that median incomes at the 80% percentiles rose in the 2011 but those levels have returned to normal most recently.

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. 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, one quarter of UVic grads have repaid all their outstanding debt, the remainder with debt have reduced their debt load by almost half. Five-years after graduation, one third have completely repaid their outstanding debt, and those with debt on average owe less than \$10,000. Differences in debt-loads between UVic graduates and grads from the other BC universities are largely attributed to the fact that over 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).

The most recent information on graduate debt levels is as follows:

### **5 years after graduation (2009 Survey of 2004 Grads)**

#### Percent who incurred debt

UVic: 56%

Provincial Average: 48%

#### Median Debt upon graduation (for those with debt)

UVic: \$22,000

Provincial Average: \$20,000

#### Percent who have repaid all debt

UVic: 33%

Provincial Average: 36%

#### Amount left to be repaid

UVic: \$9,000

Provincial Average: \$7,000

### **2 years after graduation (2012 Survey of 2010 Grads)**

#### Percent who incurred debt

UVic: 52%

Provincial Average: 49%

#### Median Debt upon graduation (for those with debt)

UVic: \$24,000

Provincial Average: \$20,000

Percent who have repaid all debt

UVic: 19%

Provincial Average: 23%

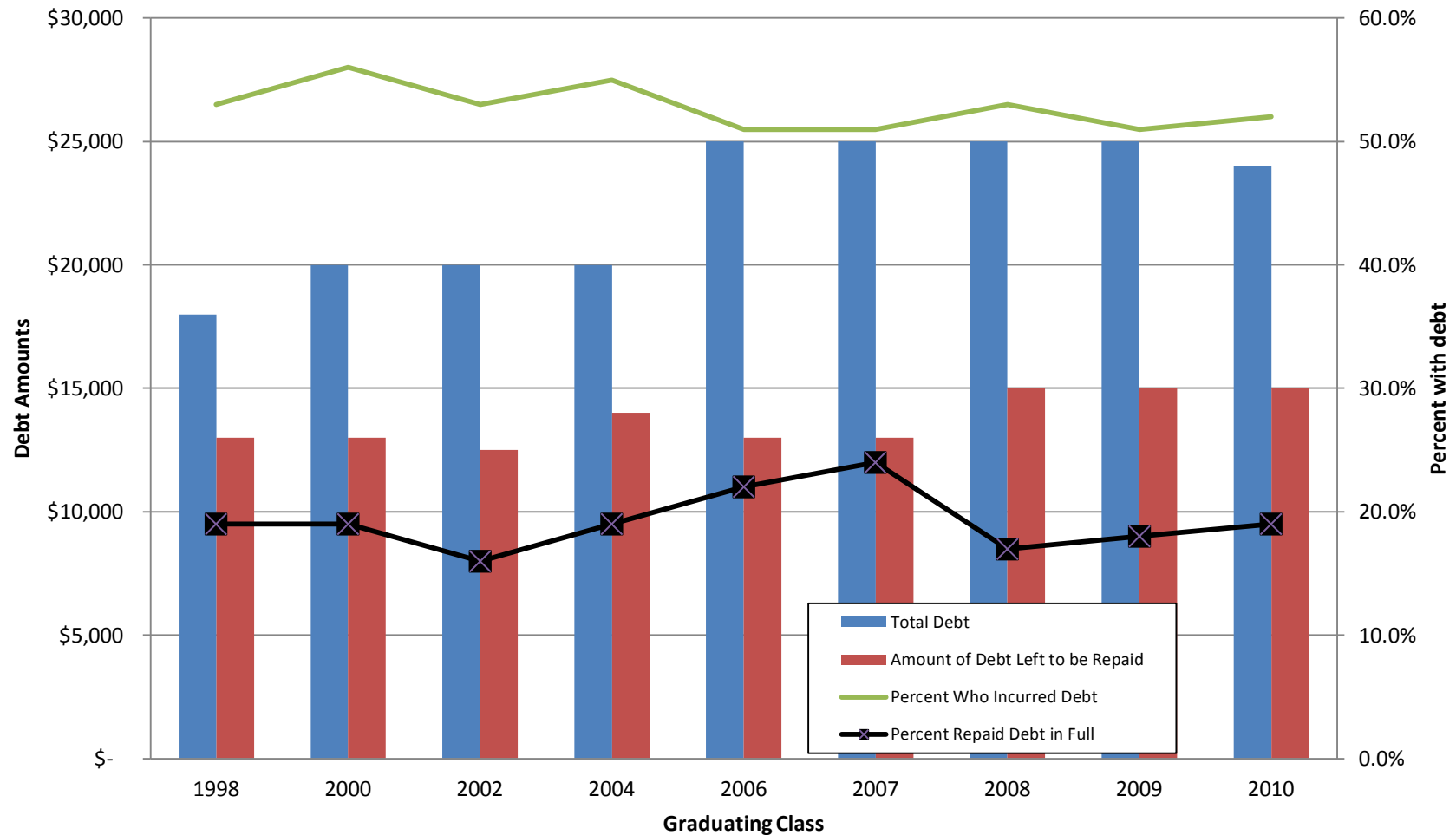
Amount left to be repaid

UVic: \$15,000

Provincial Average: \$12,000

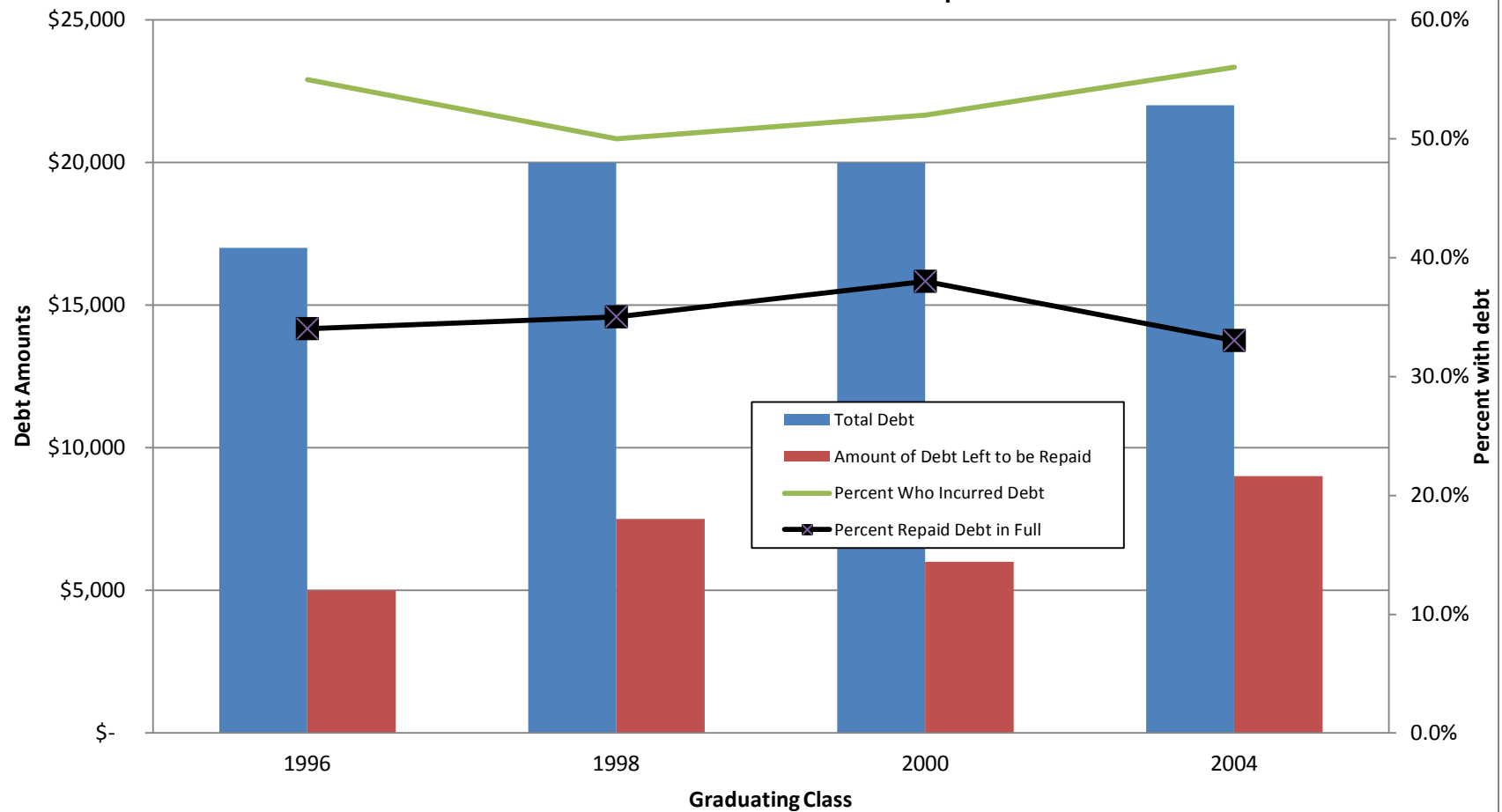
How have debt levels of UVic graduates changed over time? Debt levels have risen, but the proportion taking on debt has fallen. After two years, almost a fifth of all students with debt have repaid those loans in full (and that proportion is rising). After five years, over a third of graduates with debt have repaid those loans in full. Those with debt after five years owe between \$5,000 and \$9,000.

**University of Victoria Baccalaureate Graduate Survey  
2 Years After Graduation  
Student Debt Incurred and Left to be Repaid**





**University of Victoria Baccalaureate Graduate Survey  
5 Years After Graduation  
Student Debt Incurred and Left to be Repaid**



Based on the most recently posted information from the University of Victoria's office of the Registrar, the average baccalaureate degree costs about \$65,000 (<http://registrar.uvic.ca/safa/annual-costs.html#Howmuchisitgoingtocost>) for four years of study. It follows that just over half of our graduates are actually financing that through debt. For those with debt, the median amount (\$24,000) is about 40% of their total educational cost. After two years, those with debt have reduced the median amount outstanding down to \$15,000, and after five years that amount falls to between \$5,000 and \$9,000.

How do baccalaureate graduates achieve this outcome? Two years after graduation, ninety-one percent of our graduates (across all disciplines) who are in the labour force are employed and they have an average annual salary of around \$52,000. After five years, that median salary rises to \$58,000 (based on the 2012 surveys of 2010 and the 2009 survey of 2004 grads). The evidence supports the view that education is a good personal investment that pays for itself over a relatively short time horizon.

### **3. 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.

### **4. References**

Butlin, George (1999). Determinants of Post Secondary Participation. *Education Quarterly Review* 5 (3):9-35.

Corak, M. Lipps, G. Zhao, J. (2003). Family Income and Participation in Post Secondary Participation. *Statistics Canada Catalogue Number 11F0019MIE – No. 210.*

Foley, K. 2003. Why Stop After High School? A Descriptive Analysis of the Most Important Reasons that High School Students Do Not Continue to PSE. *Canadian Millennium Scholarship Foundation Research Series.*