

8. SOURCES USED BY 1995 GRADUATES TO FINANCE THEIR POST-SECONDARY EDUCATION

8.1 ALL SOURCES OF FUNDING

Graduates were asked to report their two main sources of funding for their post-secondary education. Table 8.1 shows that the majority of respondents (44%) indicated they used government student loans to finance all or part of their post-secondary education while an equally substantial 37% of respondents indicated they used their own earnings.

Reflecting the large numbers of 1995 post-secondary graduates who had been affected by the cod moratorium, 33% of respondents reported receiving funding from government programs including HRDC, employment insurance or its predecessors, TAGS (The Atlantic Groundfish Strategy), and Social Assistance to pay for their post-secondary education. Only a small percentage (15%) of 1995 graduates indicated that they had received financial assistance from their parents. Scholarships and bursaries (5%) and other (13%) sources including RRSPs, the military, private loans and native sponsorship were also indicated as sources of funding.

Table 8.1 Sources of Funding Used by Respondents for Post-Secondary Education by Sector

	Student Loans		Earnings		Government Programs		Parents		Scholarship /Bursary		Other		Total
	#	%	#	%	#	%	#	%	#	%	#	%	#
Memorial Undergraduate	323	63.0	327	63.7	4	0.8	145	28.3	48	9.4	58	11.3	513
Memorial Master's	67	43.5	120	77.9	4	2.6	23	14.9	31	20.1	15	9.7	154
Public College 1 Year	194	30.5	186	29.2	342	53.7	59	9.3	25	3.9	73	11.5	637
Public College 2-3 Year	170	48.9	152	43.7	102	29.3	85	24.4	12	3.4	34	9.8	348
Private College 1 Year	148	39.8	14	3.8	193	51.9	16	4.3	2	0.5	69	18.5	372
Private College 2 Year	77	39.7	13	6.7	98	50.5	12	6.2	2	1.0	30	15.5	194
Total	979	44.1	812	36.6	743	33.5	340	15.3	120	5.4	279	12.6	2218

The sources of funding used by respondents to finance all their post-secondary education were further examined by sector:

The main sources of funding used by **Memorial University undergraduates** to finance all or part of their post-secondary education were personal earnings (64%), and government student loans (63%). Twenty-eight percent (28%) reported parental contributions, the highest reported of all sectors.

A large majority (78%) of the **Memorial University master's** cohort reported using their own earnings to finance all or part of their educational costs. However, government student loans were also accessed by 44% of respondents and 20% reported using scholarships and bursaries.

Just over half (54%) of **public college one-year** program respondents reported using government programs such as HRDC as a source of funding for all or part of their post-secondary education, which is the highest reported percentage of all sectors. Another 31% of respondents reported using government student loans and 30% reported using their own earnings as one source of funding.

Government student loans were used by almost half (49%) of respondents from **public college two- and three-year** programs as a source of funding for their post-secondary education. Other sources of funding accessed included own earnings (44%), government programs such as HRDC (29%) and parental contributions (24%).

Government programs such as HRDC were a source of funding for 52% and 51%, respectively, of **private college one-year and two-year** graduates. Both cohorts also accessed government student loans (40%) and other sources (19% and 16%, respectively) to finance all or part of their post-secondary studies.

8.2 GOVERNMENT STUDENT LOANS

Of the 44% of respondents who reported using government student loans as a source of funding for their post-secondary education, 61% still have an outstanding balance on their loans five to six years after graduation. The average amount still owing for males (\$12,764) is slightly lower than for females (\$13,020), while the overall average loan balance is \$12,867 (Table 8.2).

Memorial University master's cohort demonstrated the greatest repayment ability with only one-third (34%) still having a loan balance five to six years after graduation. With the highest reported earnings, the master's graduates likely find their debt to be more manageable than other cohorts.

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With the overall highest average loan balance (\$17,365), 71% of respondents from Memorial University's undergraduate program still had an outstanding loan five to six years after graduation. This is not altogether surprising given the longer study period.

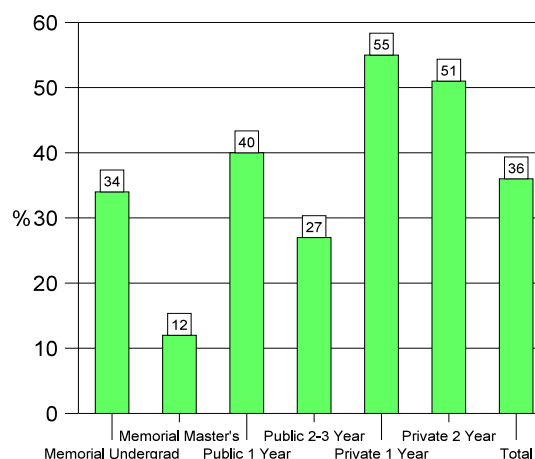
Table 8.2 Number and Percentage of Respondents Who Borrowed from Canada or Provincial Student Loans and the Average Amount Still Outstanding Five to Six Years After Graduation by Sector

	Respondents with Initial Loans		Respondents with Outstanding Loans				
	#	% of total respondents	#	% of respondents with initial loans	Loan Amount Still Outstanding		
					Male	Female	Average
Memorial Undergraduate	323	63.0	229	70.9	\$17,933	\$16,519	\$17,365
Memorial Master's	67	43.5	23	34.4	\$14,836	\$12,941	\$13,847
Public College 1 Year	194	30.5	105	54.2	\$8,223	\$10,345	\$9,254
Public College 2-3 Year	170	48.9	99	58.3	\$9,287	\$11,285	\$10,235
Private College 1 Year	148	39.8	93	62.9	\$10,322	\$9,121	\$9,960
Private College 2 Year	77	39.7	48	62.4	\$9,018	\$13,700	\$9,896
Total	979	44.1	597	61.0	\$12,764	\$13,020	\$12,867

8.2.1 DIFFICULTIES IN REPAYING GOVERNMENT STUDENT LOANS

The ability of graduates to service their government student loan debt is directly related to the overall loan balance and the weekly wages of the graduate. Just over one-third (36%) of 1995 graduates with student loan debt at graduation reported difficulty in repaying their loans (Figure 8.2.1). Possibly as a result of low earnings after graduation, a high percentage of private college one-year and two-year (55% and 51%, respectively) and public college one-year (40%) program graduates experienced repayment difficulties. Only 12% of Memorial University master's program graduates, the cohort reporting the highest post-graduation earnings, had trouble repaying their government student loan.

Figure 8.2.1 Percentage of Respondents Who Have Had Difficulties Repaying Their Government Student Loans (n=1019)

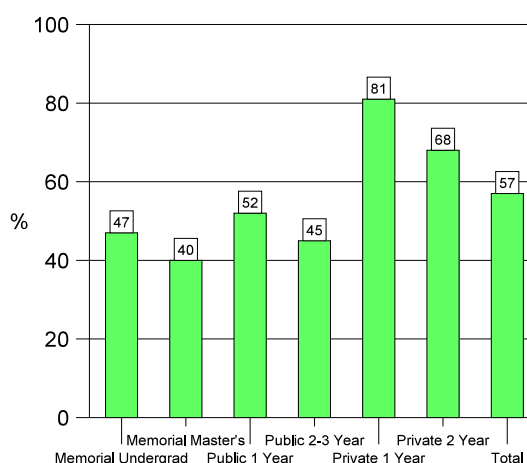


8.2.2 INTEREST RELIEF

Borrowers of government student loans who experience difficulty in making their monthly student loan payments due to low income can apply for federal and provincial interest relief programs. For borrowers who meet the program criteria, their student loans revert to interest-free status. Payments of principal are not required and associated interest costs are paid by the respective governments.

Figure 8.2.2 shows that of all 1995 graduate respondents who reported difficulties in repaying their government student loans, 57% indicated they had received assistance in the form of interest relief from federal or provincial governments. Of particular note is that four of five private college one-year program respondents accessed the program.

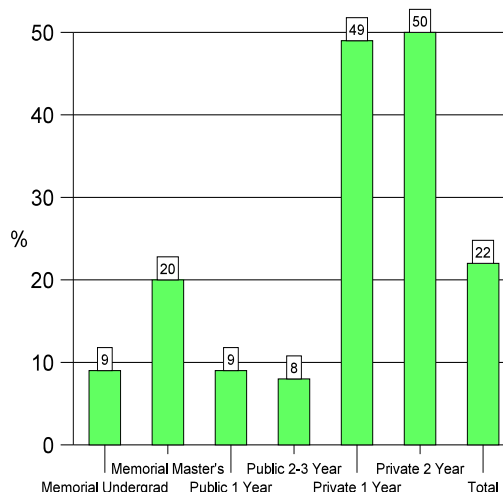
Figure 8.2.2 Percentage of Respondents Who Received Interest Relief from the Federal or Provincial Governments (n=370)



8.2.3 REVISION OF TERMS

As shown in Figure 8.2.3, only 22% of respondents who reported they had difficulties repaying their government student loans indicated they had negotiated alternate loan payments with their lender. Graduates from private colleges programs most frequently requested a revision of their loan terms.

Figure 8.2.3 Percentage of Respondents Who Negotiated a Revision of Terms with Their Lender (n=370)



8.3 OTHER LOAN SOURCES

Table 8.3 shows that 19% of respondents reported they used other loans, including loans from banks and other financial institutions or family, to finance their post-secondary education. At the time of survey, 31% of those graduates still had outstanding loan balances. The average amount outstanding for males (\$13,491) was lower than the average amount for females (\$16,062), while the overall average was \$14,620.

In 2000-2001, five to six years after graduation, private loan users from Memorial University's undergraduates program still owed an average of \$20,876 indicating the high initial loan level of this cohort while private college two-year program graduates (n=15) had repaid their loans in their entirety.

Table 8.3 Number and Percentage of Respondents Who Borrowed from Other Loan Sources and Average Amount Outstanding Five to Six Years After Graduation by Sector

	Respondents with Initial Loans		Respondents with Outstanding Loans				
	#	% of total respondents	#	% of respondents with initial loans	Loan Amount Still Outstanding		
					Male	Female	Average
Memorial Undergraduate	180	35.1	68	37.8	\$20,728	\$21,008	\$20,876
Memorial Master's	29	18.8	10	34.5
Public College 1 Year	74	11.6	29	39.2	\$8,390	\$5,987	\$7,644
Public College 2-3 Year	97	27.9	21	21.7	\$6,815	\$3,600	\$5,743
Private College 1 Year	27	7.3	4	14.9
Private College 2 Year	15	7.7	0	0	\$0	\$0	\$0
Total	422	19.0	132	31.3	\$13,491	\$16,062	\$14,620

.. Confidential, low number of respondents.