

Estimating Student Debt at Graduation

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Overview

Though Canada is not experiencing the same student debt crisis as the United States,¹ Alberta's particular dysfunctions and data gaps suggest a need for more specific and current information. Our report focuses on a survey (n=1328) that ran September 6-13 on the UASU Perks platform.

- One-quarter of all respondents (24%) anticipated having \$30,000 or more of student debt upon graduation; one-third (34%) anticipated \$20,000 or more.
- 15% knew about the Repayment Assistance Plan (RAP) before this survey; concerningly, that only rose to 22% for students who anticipated owing \$30,000 or more. RAP awareness increased in later years of study.
- 39% anticipated being somewhat or very likely to apply for the RAP.²

The main question in this survey echoes a previous survey ([March 11-18, 2021, n=438](#)). Compared to our survey a year and a half ago, students are significantly more likely to take on high levels of student debt, much less likely to anticipate not taking on debt at all, and twice as likely to prefer not to answer the question.

Since Perks allows anonymous table joins between surveys, we also correlated this survey with a recent one ([August 22-31, 2022, n=1247](#)) that focused on cost of living and sources of stress. These surveys had a high degree of anonymous respondent overlap. Respondents to the September survey who also picked one of the following as a major source of stress in the August survey were more likely than the 24% average to anticipate \$30k or more of debt:

- Taking on debt to cover upcoming school expenses: 44%
- Accessibility issues: 33%
- Cost of rent: 34%
- Cost of food: 32%

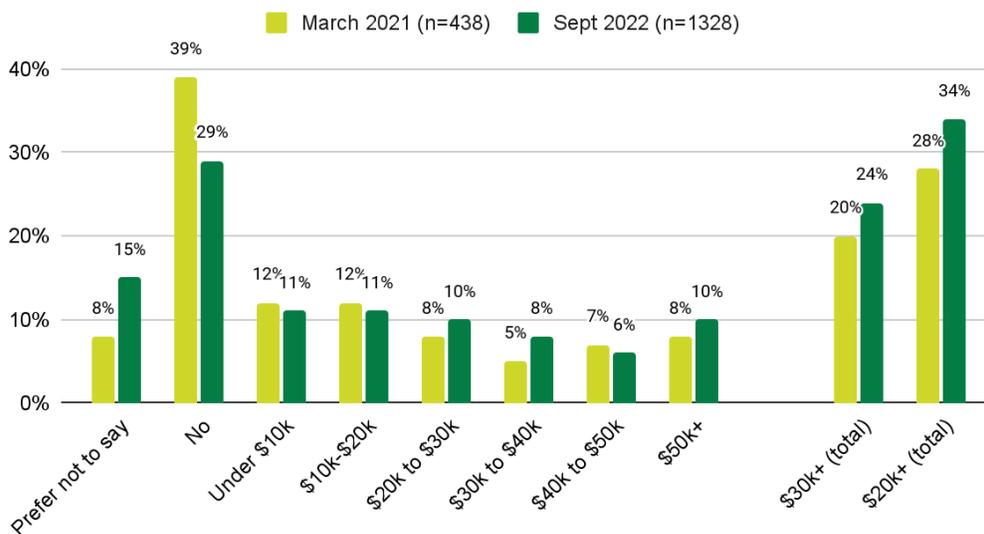
In other words, students who are primarily stressed about student debt, accessibility, cost of rent, and/or cost of food are also more likely to be facing high student debt.

¹ See Figure 2 in "[The State of Postsecondary Education in Canada 2022](#)," which shows that student debt at graduation in Canada has been relatively stable for at least fifteen years; Figure 5.14, a per-province breakdown as of 2015, shows Alberta as having slightly above-average levels of debt at graduation. However, the most recent available data *is* from 2015.

² Note that 20% of new university graduates enter the RAP, per the [CSFA Statistical Review 2020 to 2021](#), 'At A Glance' infographic and Table 1.6.1

"There isn't nearly enough good current data on student debt in Alberta. Let's pitch in and fill some gaps! If you're comfortable, tell us what you think your student loan situation will be like when you graduate, and learn how to access repayment assistance plans that too many students don't know about. By the time you graduate, will you have student debt (i.e. from paying for your education with student loans, credit card, or line of credit)?"

Anticipated student debt at time of graduation



Compared to our survey a year and a half ago, students were more likely to take on higher debt, less likely to have no debt at all, and more likely to prefer not to answer the question. All three trends are concerning.

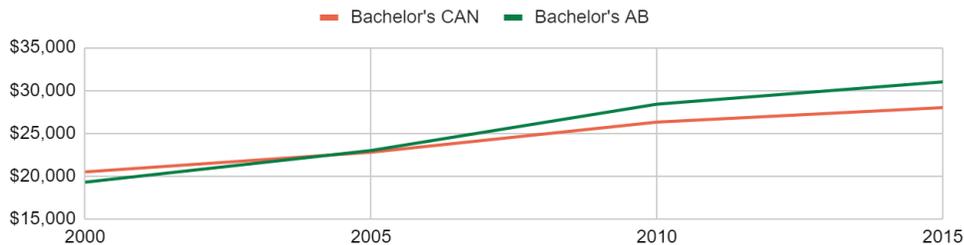
Looking at variation by faculty, the most likely students to anticipate incurring \$30,000 or more of student debt were in Law (44%), Medicine and Dentistry (31%), Nursing (28%), and Pharmacy and Pharmaceutical Sciences (50%). The least likely faculties to be associated with high student debt were Augustana (11%), CSJ (10%), Science (19%), and ALES (19%).

Background Data

By the latest available government data (eight years old), Albertans have been more likely than the Canadian average to take on student debt, and more likely to face large debt.

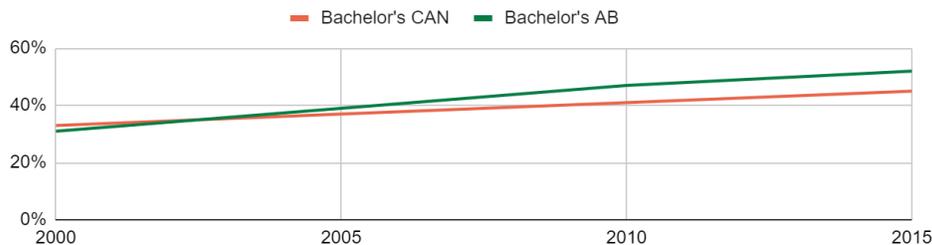
Average university student debt at time of graduation (2000-2015)

Source: StatCan table 37-10-0036-01



Percentage of graduates with large debt at graduation (\$25,000+)

Source: StatCan table 37-10-0036-01

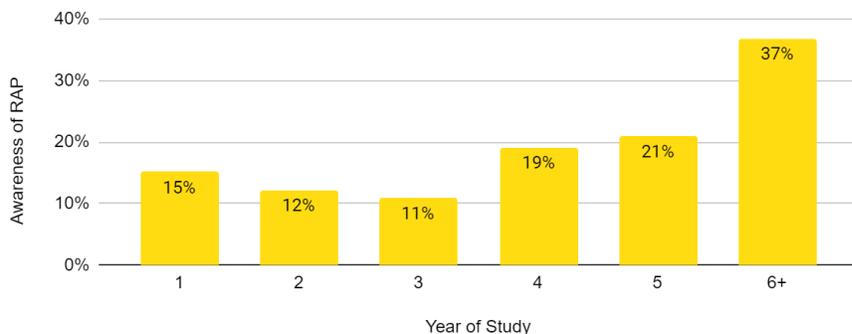


Understanding that roughly 50-60% of Alberta bachelor's students probably have \$25,000 or more of student debt at graduation not only indicates a need for more current provincial data, but suggests that students may be underestimating their actual prospective debt burden. In other words, the debt estimates in this question may be low.

"After you graduate, you can apply for the government's Repayment Assistance Plan (RAP), which can pause or reduce your federal and provincial loan payments for up to five years. Around 1/5th of new graduates across Canada join the RAP program. Before this survey, did you know about the RAP program?"

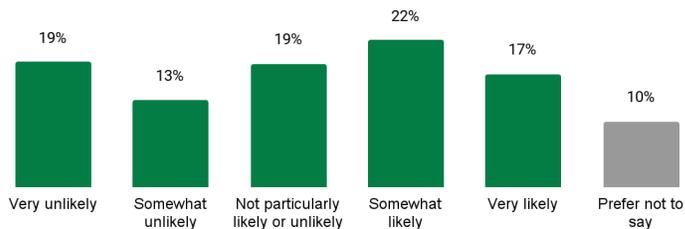
15% answered 'yes'; 85% answered 'no.' Concerningly, RAP awareness only rose to 22% among respondents who anticipated \$30,000 or more of student debt by graduation.

RAP awareness increased in later years of study, a positive trend.



Looking at variation by faculty, RAP awareness was highest in Nursing (29%), Augustana (22%), Law (22%), and Medicine and Dentistry (19%). RAP awareness was lowest in Business (14%), CSJ (5%), Engineering (11%), KSR (13%), and Science (12%).

"Eligibility for the Repayment Assistance Plan (RAP) is based on income, with fairly generous thresholds that expand based on family size. Do you think you're likely to apply for the RAP program after you graduate?"



39% of respondents considered themselves somewhat or very likely to apply for the RAP after they graduate.

The 'very likely' cohort was particularly large in Arts (27%) and Education (19%), and particularly small in Law (11%), Medicine and Dentistry (12%), Pharmacy and Pharmaceutical Sciences (8%), Business (11%), and Engineering (9%).