

MESA L-SLIS RESEARCH BRIEF #8b

Immigrants and Visible Minorities

Funding Post-Secondary Education

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Funding Post-Secondary Education
- 9) Large Urban, Small Urban and Rural Students
- 10) Aboriginals In Post-Secondary Education

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Immigrants and Visible Minorities: Funding Post-Secondary Education

(Version 11-04-10)

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Part I: Introduction

Major Findings

The Longitudinal Survey of Low Income Students (L-SLIS), created to measure the effects of the Canada Millennium Scholarship Foundation's Access Bursary, offers a unique combination of information pertaining to students' financial preparations for post-secondary education (PSE), methods of financing PSE and attitudes towards debt. This report uses the L-SLIS to compare two groups of students of interest: those who came to Canada as immigrants and those who are members of visible minority groups ("Vismins" for short). To do this we classify students into four comparison groups:

- Non-Vismins born in Canada,
- Vismins born in Canada,
- Non-Vismin immigrants,
- Vismin immigrants.

For the low income students represented in the L-SLIS data, the major findings are:

1. Immigrants are considerably less likely than non-immigrants to have personally saved for PSE.
2. Regardless of immigrant status, Vismins are considerably more likely than non-Vismins to have family members who saved.
3. Vismin immigrants are the most concerned about debt. They are also the most likely to say that they will delay further PSE and/or live with their parents until they can repay some or all of their debt.
4. In first, second and third year of university, non-Vismins born in Canada report the greatest average amounts of government aid and greatest amount of summer employment income. As a result, this group has the greatest average amount of total funding in each year.
5. In first and second year of college, Vismins report considerably lower levels of total funding than non-Vismins.

Students of various immigrant and visible minority statuses have many different individual and family characteristics that could be driving the results of this report. For this reason one must be careful when imputing causality between any factors. Note that the findings of this brief apply specifically to the low income students represented by the L-SLIS and we cannot say if our findings hold for other low income students or for the student population in general.

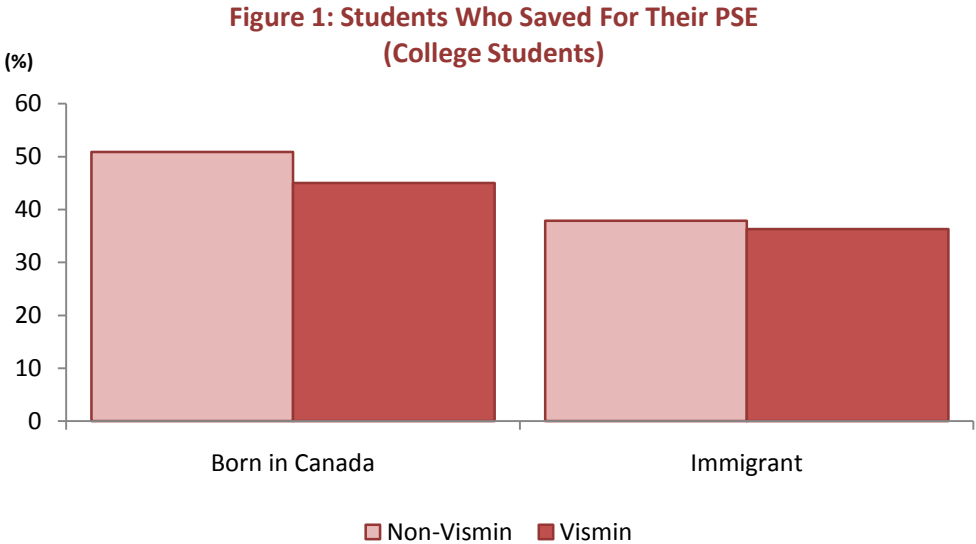
Survey Data and Sample Selection

The L-SLIS is constructed from administrative data and from surveys (carried out during the early months of 2007, 2008 and 2009) of students who entered PSE in fall 2006. The sample used for this report includes only students who enter PSE for their first time (the target group of the Millennium Scholarship Foundation’s Access Bursary), and is further reduced to single dependant students, as defined by provincial student aid systems. Only students with parental incomes below the National Child Benefit (NCB) line have been included in this analysis in order to allow for consistent samples across provinces. Due to provincial differences in bursary programs, only students from Newfoundland and Labrador, Nova Scotia, New Brunswick, Ontario, Manitoba or British Columbia are included. Note that all respondents are recipients of government aid in their first year. For further sample details, see Appendix I.

Part II: The Analysis

Saving For PSE

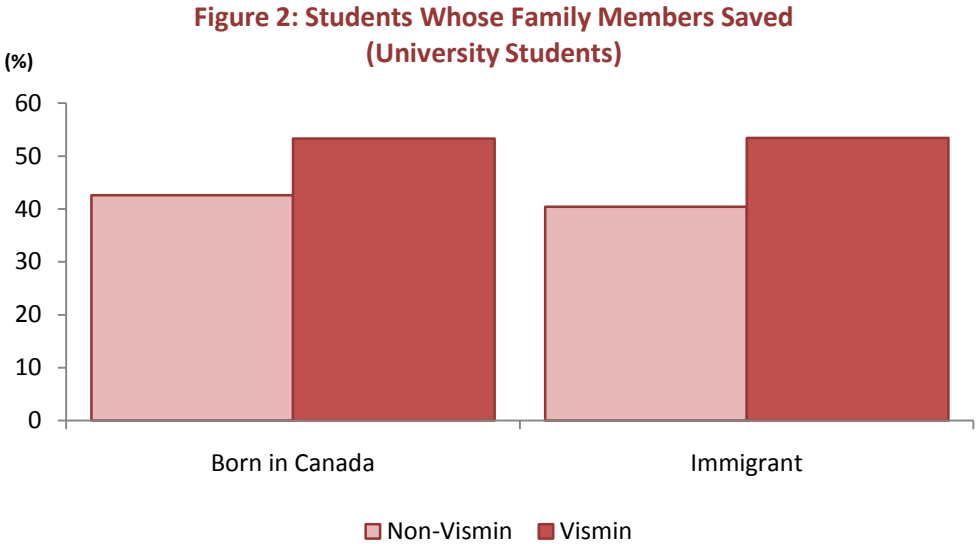
Respondents are asked whether they or their family members saved for PSE. Non-Vismins are more likely than Vismins to have personally saved; also, students born in Canada are more likely than immigrants to have personally saved (Figure 1 and Table A1). Overall, non-Vismins born in Canada are the most likely to have personally saved while Vismin immigrants are the least likely to have personally saved. These patterns apply to both college and university students.



Source: Table A1.

Regardless of immigrant status, Vismins are considerably more likely than non-Vismins to have family members who saved. Non-Vismins born outside

of Canada are the least likely to have family members who saved. This is observed for both college and university students (Figure 2 and Table A1).

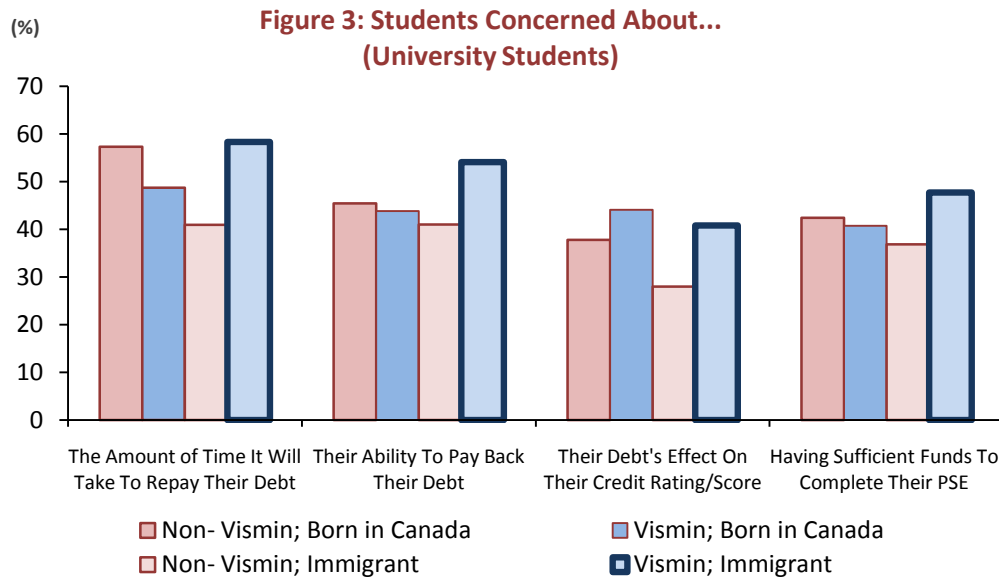


Source: Table A1.

Debt Concerns and Post PSE Plans

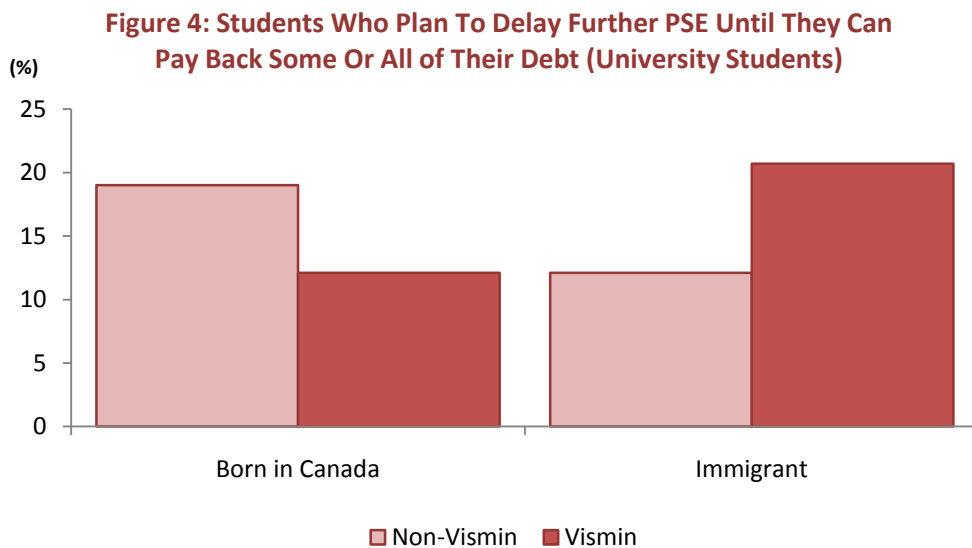
In the third year of the survey, students are asked to answer questions regarding their debt¹. Note that these questions are posed to all students regardless of their debt level. Vismins born outside of Canada report the most concern about debt. This group has the greatest proportion concerned about: i) the time it will take to repay debts, ii) their ability to pay debts and iii) having sufficient funds to complete PSE (Figure 3). Vismins born in Canada are the most likely to be concerned about the effect of their debts on their credit ratings. How the other groups rank with regard to their debt concerns varies depending on the specifics of the question.

¹ See MESA L-SLIS Research Brief 5, “Student Borrowing and Debt” for more general information on debt concerns and post PSE plans.



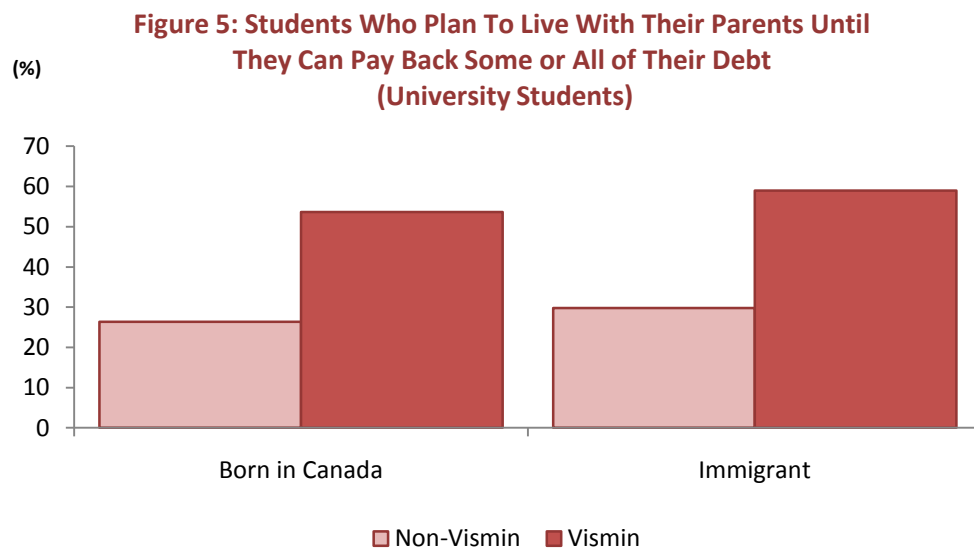
Source: Table A2. Only third year students are included.

All students in the third year of the survey, regardless of their debt level, are asked whether they plan on postponing further PSE until they can pay back some or all of their debt (Figure 4). Among students born in Canada, non-Vismins are more likely than Vismins to plan on delaying further PSE until they can pay back some or all of their debt. Among students born outside of Canada, the opposite is found: Vismins are more likely than non-Vismins to plan on delaying further PSE. Of the four groups, Vismins born outside of Canada are the most likely to plan on delaying further PSE (20.7 percent). Vismins Born in Canada and Non-vismins born outside of Canada are the least likely to plan on delaying further PSE (12.1 percent).



Source: Table A2. Only third year students are included.

All students in the third year of the survey, regardless of their debt level, are asked whether they plan on living with their parents until they can pay back some or all of their debt (Figure 5). Vismins are much more likely than non-Vismins to agree that they plan on living with their parents until they are able to pay back some or all of their debt. Vismins born in Canada are most likely to agree (59 percent) while non-Vismins born in Canada are the least likely to agree (26.4 percent).



Source: Table A2. Only third year students are included.

Funding PSE

For the following analysis of PSE funding, all means include students who have zero amounts². For all figures concerning university students, only students who continue PSE through all three years of analysis are included so that we have consistent samples across years. For the same reason, all figures concerning college students include only students who continue through all two years of analysis. Also note that government aid includes student loans and access bursaries, and due to the nature of the sample, no students have zero government aid in year one (see Appendix I for explanation). Government aid amounts are taken from administrative data in year one and are taken from survey data in year two. We cannot say to what extent differences in government aid amounts over these years are attributed to differences in data sources.

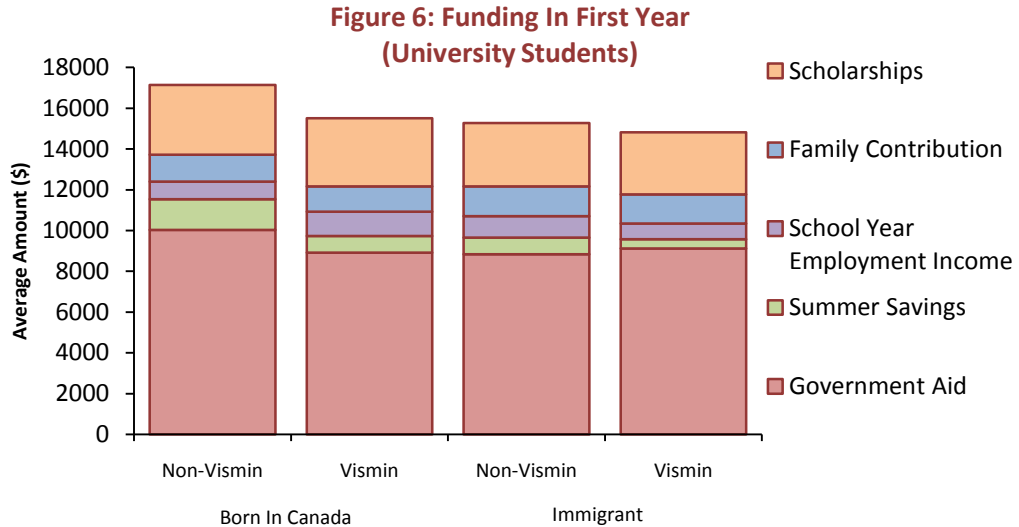
Funding Sources in First Year of University

Non-Vismins born in Canada enter PSE with the greatest average amount of summer income (Figure 6). Also, non-Vismins born in Canada have the

² See MESA L-SLIS Research Brief 4, “Funding Post-Secondary Education” for more general information students’ funding sources.

greatest average amount of government aid in first year. Furthermore, these students have the greatest average total amount of funding in first year (sum of government aid, savings from summer employment income, school year employment income, family contributions and scholarships).

Note that immigrants and Vismins are more likely than others to be from urban areas and to live at home with their parents in first year of PSE (see MESA L-SLIS Research Brief #8a). Immigrants and Vismins' lower levels of government aid and total funding could be linked to these tendencies.

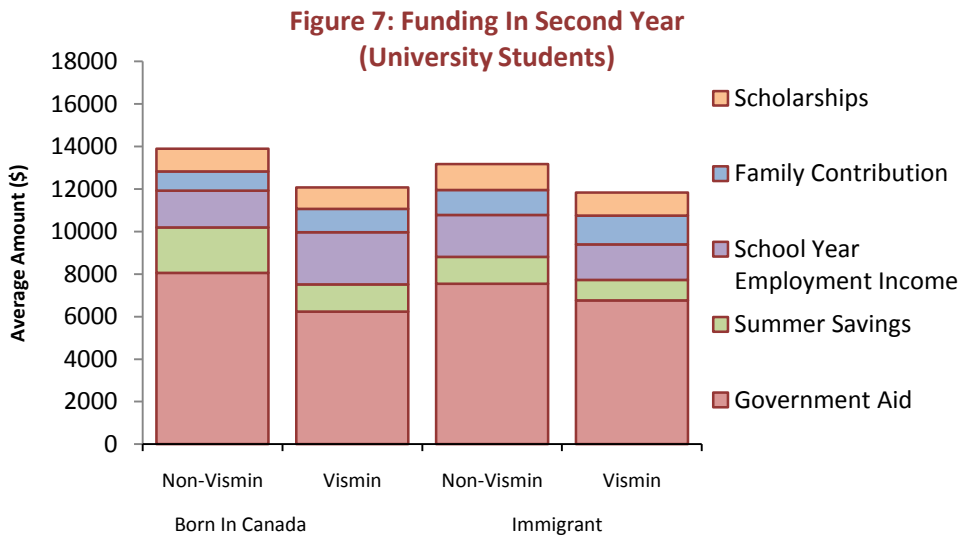


Source: Table A3. Only students who continued through three years of PSE are included. Averages include zero amounts.

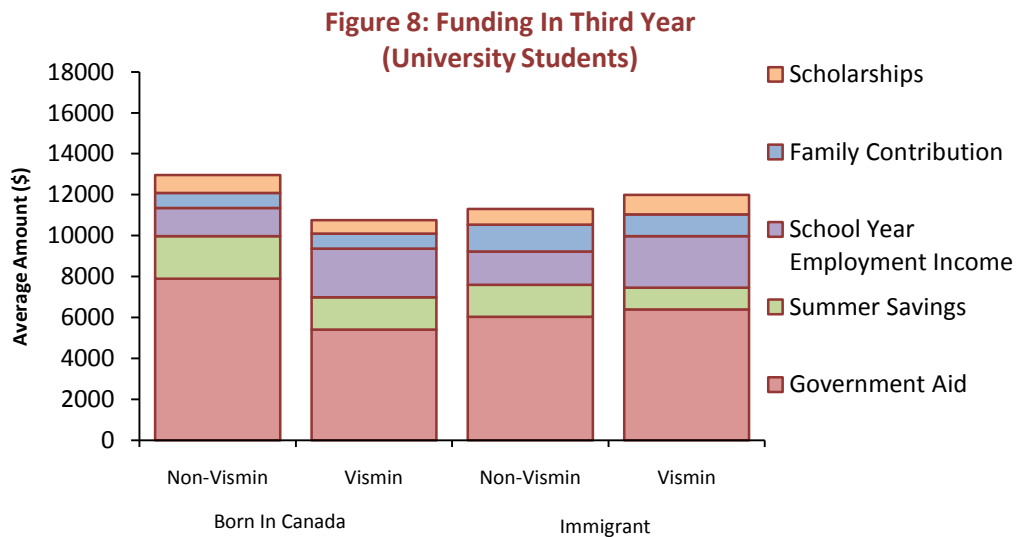
Funding Sources in Second and Third Year of University

All groups see large decreases in their average amounts of government aid (which include loans and grants) in their second year of university (compare Figure 7 and Figure 6). Recall, we cannot say to what extent the differences in government aid amounts over these years are attributed to differences in data sources; all other funding amounts (scholarships, family contributions etc.) are obtained from survey responses in each year. All groups also see sizable decreases in their average scholarship amounts and increases in their average employment income in year two. As in first year, Non-Vismins born in Canada report the greatest average amount of total funding in second year. These students again have considerably greater average amounts of government aid and summer income than others.

In year three, all groups of students see further decreases in their average amounts of government aid and scholarships (compare Figure 7 and Figure 8).



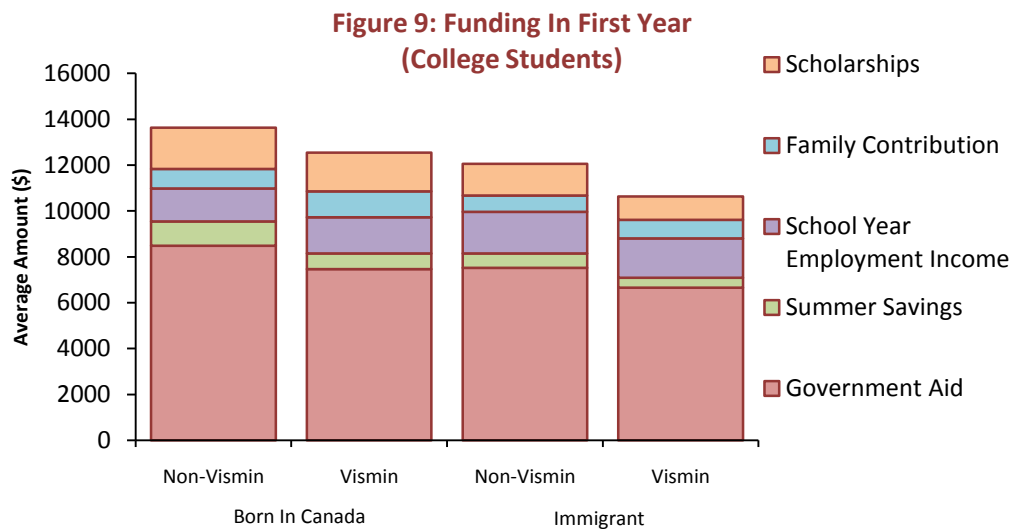
Source: Table A3. Only students who continued through three years of PSE are included. Averages include zero amounts.



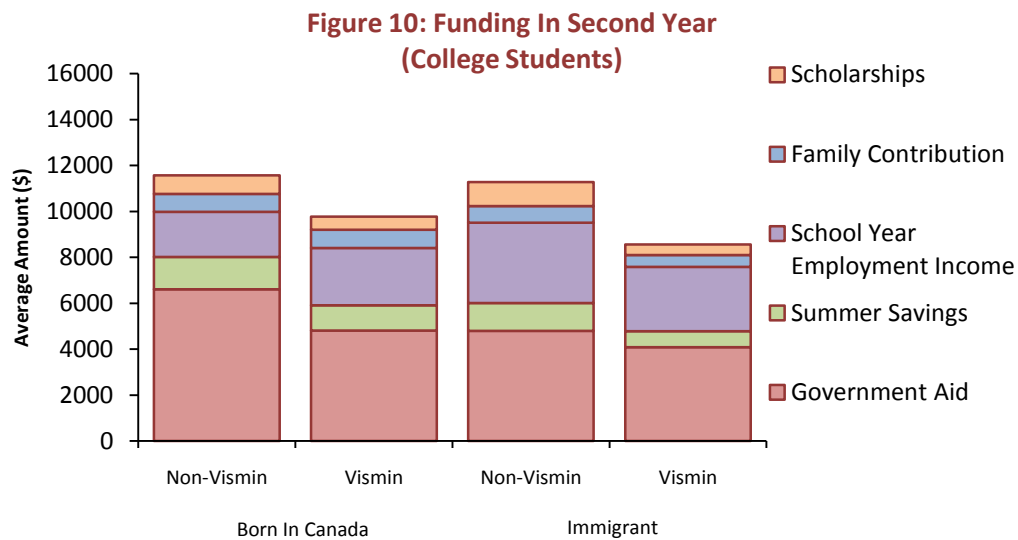
Source: Table A3. Only students who continued through three years of PSE are included. Averages include zero amounts.

Funding Sources in First and Second Year of College

College students have lower average levels of total funding than university students, on average. Among college students, immigrants and Vismins have considerably lower levels government aid (loans and grants) and summer savings than non-Vismins born in Canada, in both first and second year (Figures 9 and 10). All four groups experience large decreases in their average amounts of government aid and scholarships and increases in employment incomes in year two. Non-Vismin immigrants' average school year employment income makes an especially large jump in their second year of college.



Source: Table A3. Only students who continued through two years of PSE are included. Averages include zero amounts.



Source: Table A3. Only students who continued through two years of PSE are included. Averages include zero amounts.

Part III: Conclusion

When it comes to preparing financially for PSE, the four groups of interest have somewhat different approaches. Immigrants are noticeably less likely than non-immigrants to personally save for PSE. Meanwhile, Vismins are much more likely than non-Vismins to have family members who saved for PSE.

Vismin immigrants consistently show the most concern about debt. At the same time, Vismins and immigrants report lower levels of government aid

(loans and grants) compared to non-Vismins born in Canada. These findings may be an indication of debt aversion among these groups.

Vismin immigrants' concerns about their ability to pay off their debts could stem from their perceived future labour market outcomes (whether correct or not), attitudes to debt holding per se, or other factors. More research is required to say anything more certain regarding these findings.

Appendix I: Survey Data and Sample Selection

Conducted as part of the Measuring the Effectiveness of Student Aid (MESA) project, the L-SLIS represents a longitudinal survey of recipients of the Canada Millennium Scholarship Foundation (CMSF) Access Bursaries³. The L-SLIS consists of a sample of students who entered PSE for the first time in the fall of 2006. Surveys were conducted, by telephone, in the early winter months of 2007, and then again in 2008 and 2009. Survey data have been linked to government aid administrative data. It is important to note that the eligibility requirements for the CMSF Access Bursaries were determined provincially and vary from province to province. The L-SLIS therefore represents somewhat different populations in different provinces.

Restrictions have therefore been made to the L-SLIS in order to create a consistent national sample. Due to the unique nature of the programs in Quebec, Saskatchewan and Alberta, students from these provinces are not included in this analysis. Prince Edward Island is omitted due to the absence of any administrative data. The following restrictions have been made in order to provide a consistent sample across the remaining provinces, which include Newfoundland and Labrador, Nova Scotia, New Brunswick, Ontario, Manitoba and British Columbia:

1. The sample is restricted to only students who enter PSE for their first time and are single dependant students, as defined by student aid systems.
1. Only students with parental incomes below the National Child Benefit (NCB) line are included.

Aboriginals are omitted in this brief because they are unique from other Vismins born in Canada. Aboriginals are treated in other L-SLIS research briefs. Only low income students who apply for and receive government aid are included in the L-SLIS, therefore this is not a sample of all low income students in Canada. The sample has 3921 observations (after deleting those few students who did not provide information regarding immigrant or minority status). There are 1795 non-Vismins born in Canada, 633 Vismins born in Canada, 173 non-Vismin immigrants and 1336 Vismin immigrants. Roughly 64 percent of the students in the sample are from Ontario and roughly 15 percent are from British Columbia. The remaining four provinces together make up 20 percent of the sample and each have shares of around 2.5 to 10 percent. Due to small sample size, college students from Nova Scotia are not well represented in the data. Samples are weighted to take account of non-response and to scale up to the underlying populations of lower income students they represent.

³ For some provinces, certain non-recipient low-income students are also included in the L-SLIS but they are not included in this analysis due to the income restriction placed on the sample (see below).

Appendix II: Detailed Tables

Table A1: Saving (College and University Students)

	College				University			
	Born in Canada		Immigrant		Born in Canada		Immigrant	
	Non-Vismin	Vismin	Non-Vismin	Vismin	Non-Vismin	Vismin	Non-Vismin	Vismin
Saving (Percentage Which Responded 'Yes')								
Prior to The End of Secondary School, Did You Save Money For Your Own Education?	50.9	45.0	37.9	36.3	56.5	49.0	36.1	37.5
Did Other Members of Your Family Save For Your Education?	34.0	35.9	33.5	35.7	42.6	53.3	40.4	53.4

Source: Longitudinal Survey of Low Income Students.

Table A2: Debt Concerns (University Students)

	Born in Canada		Immigrant	
	Non-Vismin	Vismin	Non-Vismin	Vismin
Percentage of Students Concerned About....				
The Amount of Time it Will Take to Pay Back Their Debt	57.3	48.7	40.9	58.3
Their Ability to Pay Back Their Debt	45.4	43.8	41.0	54.1
Their Debt's Effect on Their Credit Rating/Score	37.8	44.1	28.0	40.8
Having Sufficient Funds to Complete PSE	42.4	40.7	36.8	47.7
Percentage Who Plan to Delay Further PSE Until They Can Pay Back Some or All of Their Debt	19.0	12.1	12.1	20.7
Percentage Who Plan to Live With Their Parents Until They Can Pay Back Some or All of Their Debt	26.4	53.6	29.8	59.0

Source: Longitudinal Survey of Low Income Students. Only third year students are included.

Table A3: Average Amounts of PSE Funding (College and University Students)

	Born in Canada		Immigrant	
	Non-Vismin	Vismin	Non-Vismin	Vismin
University Year 1				
Government Aid	10030	8910	8840	9120
Savings From Summer Employment Income	1510	820	820	460
School Year Employment Income	860	1190	1040	770
Family Contribution	1320	1250	1460	1420
Scholarships	3430	3340	3110	3050
University Year 2				
Government Aid	8060	6230	7550	6770
Savings From Summer Employment Income	2130	1290	1260	950
School Year Employment Income	1730	2450	1970	1670
Family Contribution	910	1090	1180	1360
Scholarships	1070	1010	1210	1090
University Year 3				
Government Aid	7890	5410	6040	6400
Savings From Summer Employment Income	2080	1570	1550	1060
School Year Employment Income	1380	2390	1640	2510
Family Contribution	730	730	1300	1070
Scholarships	880	660	770	950
College Year 1				
Government Aid	8480	7470	7520	6660
Savings From Summer Employment Income	1060	680	630	430
School Year Employment Income	1440	1570	1820	1720
Family Contribution	850	1130	700	800
Scholarships	1800	1690	1380	1020
College Year 2				
Government Aid	6610	4820	4800	4090
Savings From Summer Employment Income	1410	1100	1220	690
School Year Employment Income	1960	2490	3490	2810
Family Contribution	780	790	730	510
Scholarships	810	570	1040	460

Source: Longitudinal Survey of Low Income Students. For university students, only students who continue through three years of PSE are included. For college students, only students who continue through two years of PSE are included. Government Aid includes student loans and Access Bursaries. All averages include zeros amounts.