



CANADIAN ALLIANCE OF STUDENT ASSOCIATIONS ALLIANCE CANADIENNE DES ASSOCIATIONS ÉTUDIANTES

Backgrounder: Parental Views on Post-Secondary Education

A national survey on the state of families with post-secondary students has revealed some worrying trends. The data shows that while 33% of parents are dipping into their retirement savings in order to help pay for school nearly 40% haven't saved anything for their child's education.

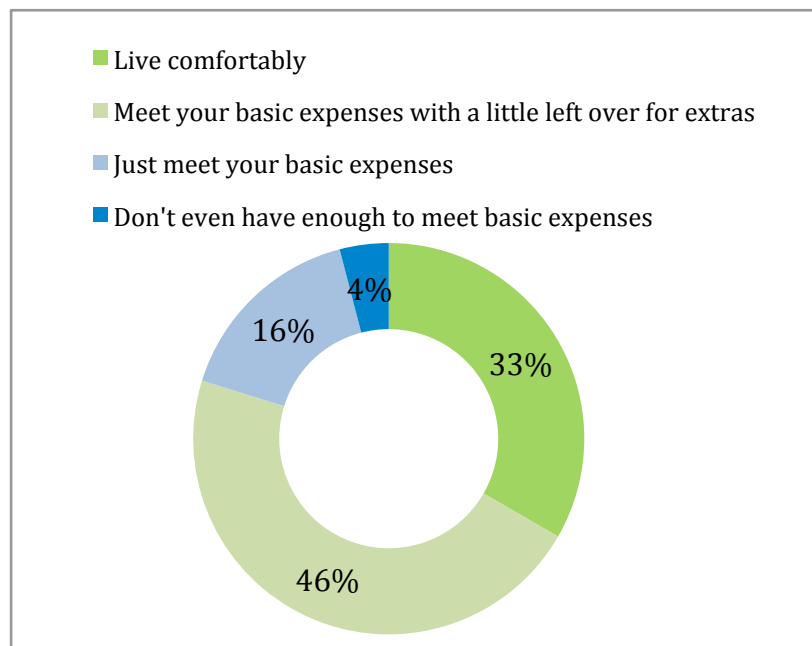
The Canadian Alliance of Student Associations (CASA) has released the results of a survey by Abacus Data regarding the state of post-secondary education (PSE) families in Canada. The survey provides an overview of parental views on PSE and their concerns as costs associated to PSE continue to increase.

CASA considers student issues to be national issues as more and more Canadian families are facing the financial burden of PSE. CASA supports a post-secondary system that is accessible, affordable, innovative and of the highest quality.

The state of PSE families

- Currently, many parents of students in the post-secondary range are feeling a financial squeeze.
- Only one third (33%) of respondents say they live comfortably.
- To date, 38.7% of parents surveyed have not saved any amount for their children's education.
- *This demonstrates that many families are not prepared for the costs associated with PSE or can't afford to continue supporting their children. The data also suggests that many families are on the brink and rising PSE costs could push them over. Further, it may also suggest that parents are underestimating the high costs for a post-secondary education.*

How would you describe your household's financial situation? Would you say you...



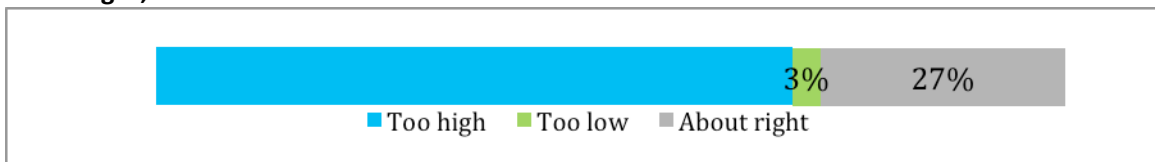
Cost of education proportionate to other household expenses

- On an annual basis, parents manage to put aside 13.5% of their household's income to pay for their children's post-secondary education.
- 13.5% of income is roughly equal to the same percentage spent annually by a typical household on food. It is also more than the amount spent on recreation, health care, or clothing.
- For a student attending a PSE institution and living on campus, this only covers 1/3 of the total cost.
- *Parents are clearly unable, nor should be expected to sacrifice large portions of their household income to pay for school. These costs also squeeze out expenditures in other areas (e.g. RRSP contributions).*

Responsibilities of parents and their views on PSE policy

- While 74% of parents believe it is their responsibility to help their children pay for school and associated living expenses, 67% of them feel government policies should not force parents to help pay for their children's education.
- 81% of parents support the removal of parental income level qualification, and open financial aid to any student who can't access help from home.
- 70% of parents feel post-secondary tuition is too high especially among Atlantic Canadians (90%).
- *High costs of PSE are not just felt by students. Their parents and entire immediate families feel the squeeze the PSE costs have on families. Clearly, this is an issue where parents shouldn't be expected to cover these expenses. Better support for students can help alleviate these concerns.*

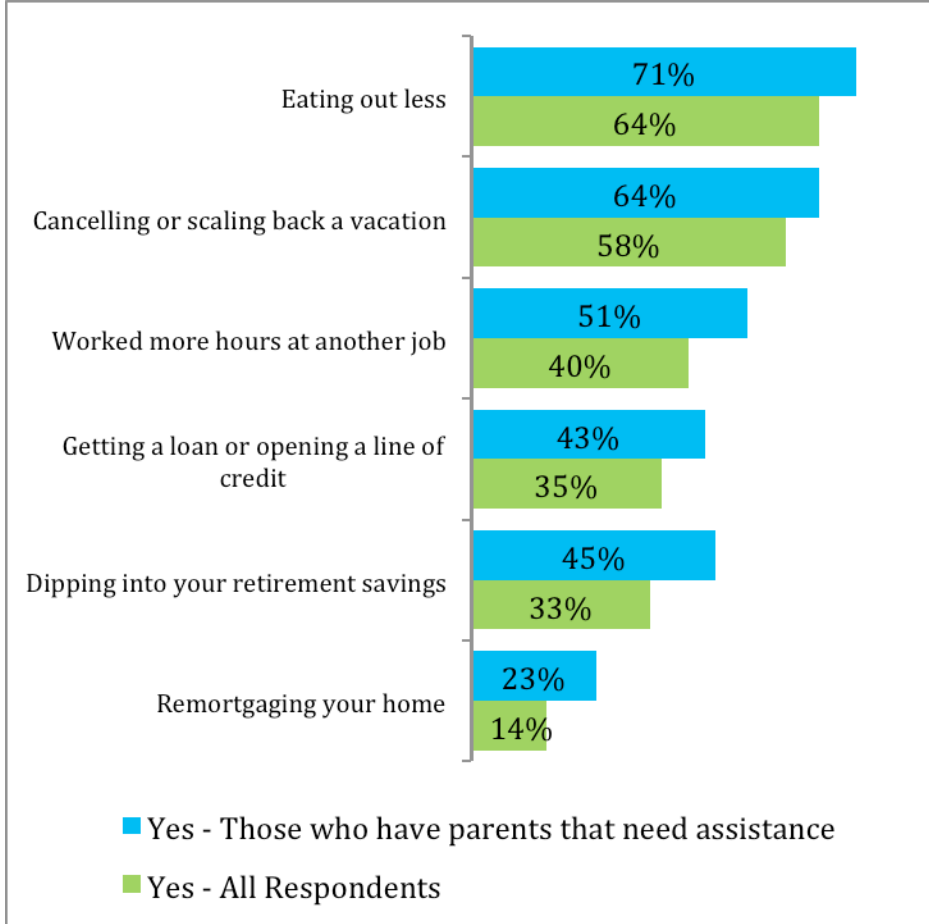
Generally speaking, do you think the cost of post-secondary education in Canada is too high, about right, or too low?



What parents are giving up in order to support their children's education

- There is an increasing financial pressure on families that goes along with rising PSE costs.
- A third of parents are borrowing more, going back to work, or dipping into their retirement savings.
- Parents, who themselves have living parents to take care of (the sandwich generation), are under a much greater burden to provide the financial assistance needed by their children to attend post-secondary school and demanded by their own parents' deteriorating health.
- *Parents are making significant sacrifices to help support their children. This can have a ripple effect throughout the economy and may even contribute to increased youth unemployment.*

As a result of the financial support you provided to your child/children, please tell us whether you have done any of the following...



Overall evaluation of PSE performance by parents

- 43% of parents attribute a poor job to PSE performance when it comes to helping students prepare for and find good jobs.
- Parents have mixed feelings on the impact of their financial investment on PSE.
- They worry that Canada’s PSE system is not producing the right kinds of skilled graduates to sustain the economy while providing sufficient competitive skill sets and knowledge for their children to excel in the work force.

This data illustrates that student issues matter to all Canadians since families across the country are feeling the financial squeeze associated with rising PSE costs. As such, students need more support as their parents are left wondering how to finance their children’s education while supporting their family.

Policy solutions to support PSE families

Improving financial aid for students and their families will address other challenges facing an aging population and the economy. Canada needs solutions that recognize the wide range of financial situations that families can find themselves in when they begin education. We need to respect the ability of every student and family to decide on the mix of financial support that suits his or her needs. This includes:

1. Increasing funding available to The Canada Student Grants Program (CSGP)
 - CASA advocate that grants issued by the CSGP be indexed to CPI, so as to maintain the purchasing power of the grant over the duration that a student is eligible to receive the grant.
 - CASA recommends a 25% per-recipient increase to grants for students from low and middle-income families
 - *The Canada Student Grants Program is the most effective method of supporting students in need, and has already proven effective in reducing student debt. After the introduction of these grants, average Canada Student Loan federal debt levels at graduation decreased from a high of \$14,048 to \$12,972. These grants have not been increased or adjusted for inflation since their introduction, however, and tuition increases have already outstripped the funding they have provided. Loan amounts have already started to rise once again, in the absence of continued support through grants. The CSGP is a successful program that needs to continue to be viable into the future, and expanded rather than left to wither.*

2. Eliminating parental contributions for the Canada Student Loans Program needs assessment
 - CASA advocate that the federal government eliminate the expected parental contributions, or short of this, that the assessment reflect the real contribution parents make towards their child's education. As such, the needs assessment should be reflective of individual circumstances.
 - *38% of families indicated that they had no savings at all for their children's education. Even among those at the highest income levels, 1/3 of families had no savings at all set aside. There is no legal requirement for families to actually provide students with the estimated levels of support in student loans – because family situations vary, it is important that the financial support system has the flexibility to cover every student who might need it.*

3. Expanding the federal grant eligibility to include those who do not seek a Canada Student Loan
 - Allow students who do not hold a Canada Student Loan to be eligible for any federal need-based grants and bursaries.
 - *Many low-income students strongly avoid taking on debt, but still require support in order to complete their studies: giving the option to access grants alone, without taking on debt, would make those groups more likely to access higher education.*

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Methodology

The survey was conducted online with 604 parents of children currently in post-secondary school, children who graduated within the last five years, or children who will attend post-secondary in the next five years.

A random sample of panelists was invited to complete the survey from a large representative panel of Canadians, recruited and managed by Research Now, one of the world's leading provider of online research samples. The survey was conducted from April 25 to 30, 2014.

The Marketing Research and Intelligence Association policy limits statements about margins of sampling error for most online surveys. The margin of error for a comparable probability-based random sample of the same size is +/- 3.99%, 19 times out of 20.