Does Money Matter?
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INTRODUCTION

The Foundation’s research program has two main raisons d’êtres:

1) to support the legally mandated evaluation process which must take place by June 2003;

2) to support efforts to improve the Foundation’s products and make them more useful to clients.

Since the Foundation’s purpose is - according to section 5 of its legislation - to improve access to post-secondary education (PSE) by giving money to students in need, the research program must take its cue from that mandate. Thus, the central question of the research program is: Does money matter?

There is clear evidence that family income and parental occupation have some bearing on whether young people choose to pursue post-secondary studies, as well as on what kind of education they choose to pursue. What is less clear is the effect financial aid programs have in broadening the choices of young people. In short, we have no reliable way of measuring whether or not student assistance “works.” The assumption on which the Foundation - indeed, all financial aid and tax incentive programs - is based is that money does matter. This may be common sense, but from a policy point of view it begs a number of questions:

• To what degree does money matter to students and parents when making decisions about post-secondary education?

• Does it matter equally for everyone?

• Do people respond to different forms of money (loans, grants, tuition discounts, tax breaks) in the same way?

• How does money actually change behaviour?

• Does it affect youth and parental behaviour in the same way?

In the absence of adequate answers to these questions, it is impossible to evaluate the effect the Foundation has had and equally difficult to evaluate the merit of other possible program designs.

Based on discussions with the wider higher education and research community, the Foundation secretariat has designed a research program with three themes: individuals’ access to post-secondary education; the economic and social context of access; and Canada in international perspective. The details of each of these themes are presented in Section A of this document. Section B details the individual research projects and contracts that are in development in pursuit of these initiatives. It should be noted that many of these are still in the design stage and may not come to fruition; in some instances, where existing microdata sources are concerned, permission may not yet have been obtained to work with the data. Section C discusses possible vehicles for dissemination of the Foundation’s research.
Section A - Research Themes

Theme 1 - Individuals' Access to Post-Secondary Education

The first research theme deals with individuals and their decisions to pursue or not pursue PSE. Within this theme, the Foundation will be gathering data on the Canadian student body and its social and economic background; on youth who choose not to attend PSE and their reasons for not doing so; on recipients of student assistance programs and the effects of various student assistance interventions; and finally on student outcomes, including the effects (if any) of educational debt obligations.

Theme 2 - The Social and Economic Context for Access

The second theme examines the social and economic contexts in which individuals’ make their decision to access PSE. It focuses on projects that look at issues of a macro-economic or macro-policy nature that may effect aggregate demand for PSE. It also examines information issues to explore how parental behavior and ethnicity may affect the way young people make decisions about PSE.

Theme 3 - Canada in International Perspective

This theme exists simply to put the others into context. Comparative international research does not, on its own, lead us to a greater understanding of the situation of Canadian students. But it does allow us to conduct “thought-experiments” in policy by applying different possible solutions - tried and tested elsewhere - to Canadian problems.
# Section B - Research Project Descriptions

## Projects for Theme 1 - Individuals’ Access to Post-Secondary Education

### 1.1 Who Doesn’t Go to PSE? - The SLS/SLF Data

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<th>Project Description</th>
<th>Public Policy Implication</th>
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<td>Approximately 30% of young Canadians have no post-secondary education by the age of 25. Using the School Leavers’ Survey (1991) and the Follow-up (1995), we can use multivariate techniques to gain some understanding of the nature of the barriers this group faces in accessing PSE.</td>
<td>The key question being asked here is: does money matter? If most students who do not attend PSE make their choice for what are effectively non-financial reasons, then the use of student aid as a tool for increasing access may be inappropriate.</td>
<td>Winter 2002</td>
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### 1.2 Who Doesn’t Go to PSE? - A Qualitative Survey

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<td>Following on from the previous research piece, this project would use long interview techniques to obtain and analyze data from young people (age 23-27) who have never been to PSE.</td>
<td>The purpose of this project is to take real-life cases and explore how money may or may not have been a factor in the decision to not attend PSE.</td>
<td>Winter 2002</td>
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### 1.3 Mining Government Administrative Data Bases (Phase I)

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<tr>
<td>Using federal and provincial government student assistance data, examine questions related to student borrowing, debt, default and educational persistence. Phase I of the project is a feasibility project - what data are collected by jurisdictions, to what extent are these data manipulable, to what extent are they comparable from jurisdiction to jurisdiction, and under what conditions will governments allow outside researchers access to the data?</td>
<td>Administrative databases are the only source of true longitudinal data regarding students and student assistance. Access to these files represents the best hope of discovering the effects of student assistance on students while they are in school.</td>
<td>Winter 2002</td>
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1.4 Canada Under-Graduate Survey Consortium Project

Project Description: Use previous databases to do analysis of student incomes, social origin (size of community), borrowing patterns, school results; expand consortium to cover some community colleges.

Public Policy Implication: The CUSC is a unique data resource co-ordinated by staff at the U. of Manitoba. Mining existing data from previous surveys will give insights into questions related to student incomes, community background, and access; expanding data collection will allow.

Publication Date: Spring 2002

1.5 Meta-Survey of Graduate Surveys

Project Description: Many provinces, institutions, and systems of institutions (e.g., SIAST) produce graduate surveys on a regular basis. The purpose of this project would be to collate these graduate surveys and do a meta-analysis of the results. Special emphasis will be placed on student borrowing and repayment problems.

Public Policy Implication: This project may provide us with a more detailed and more timely look at graduates across the country than Stats Can’s National Graduates’ Survey. This may be the best way to arrive at some kind of national number on how much debt students are actually taking on.

Publication Date: Spring 2002

1.6 Assessing Need Assessment

Project Description: Qualitative/quantitative paper dealing with alternative methods of assessing need. Special attention to be paid to the ways in which the existing system may be biased in favour of the young and against older students.

Public Policy Implication: Need assessment is the gatekeeper to the entire student aid system, including the Foundation’s bursaries. Effectively, it determines the possible clientele. If the resulting clientele systematically excludes certain types of students who are genuinely in need, then the Foundation cannot effectively fulfill its mandate without a change in the need assessment system.

Publication Date: Summer 2002

1.7 Who Doesn’t Go to PSE? - Using the YITS Data

Project Description: Similar to the SLS/SLF data, this project would ask many of the same questions, and answer them using a new database to be released in October ’01 by Statistics Canada. Since the survey has been sponsored by the OECD, international comparisons will be possible.

Public Policy Implication: International comparisons will provide another dimension to this project.

Publication Date: Summer 2002
### 1.8 Student Income and Expenditure

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<td>Panel survey following the spending and work habits of students over an entire year.</td>
<td>Allows the Foundation to make more precise estimates of student income, expenditures, borrowing from non-governmental sources (incl. credit cards), parental transfers, and differences in living standards between students receiving student assistance and those without.</td>
<td>Fall 2002</td>
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### 1.9 Postal Code Analysis

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<td>Take historical records of applicants’ postal codes and correlate them with data on taxfilers available from Statistics Canada.</td>
<td>Using this technique, a reasonably accurate (though not exact) picture of university applicants’ financial backgrounds can be established and tracked over time, and the effects of various policy interventions (e.g., changes to tuition or student loan policy) on access can be monitored retroactively.</td>
<td>Fall 2002</td>
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### 1.10 Determining Social Origins of Students - SLID

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<tr>
<td>Using the Statistics Canada Survey of Labour and Income Dynamics, attempt to derive statistics concerning social origin and family income of students entering universities and colleges.</td>
<td>This project is very similar to the CUSC and Postal Code projects, but uses a different and (possibly) more accurate methodology.</td>
<td>Fall 2002/Winter 2003</td>
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## Projects for Theme 2 - The Social and Economic Context for Access

### 2.1 Survey of Govt. Expenditures on Student Financial Assistance

**Project Description**
Create, for each jurisdiction (F/P/T), a historical time series on expenditures in student financial assistance.

**Public Policy Implication**
These data have never been gathered before. Collecting these data is important to the Foundation in terms of creating an understanding of the total amount of aid available to students and the policy impact of the Foundation’s arrival into the overall student aid picture.

**Publication Date**
Winter 2002

### 2.2 Survey of Institutional Expenditures on Student Financial Assistance

**Project Description**
Do a census of Canadian institutions and determine how much each spends annually on scholarships (merit), bursaries (need), and support functions (e.g., financial counselling, etc.).

**Public Policy Implication**
Collectively, educational institutions provide more assistance to students annually than do most provinces, but data on what kind of assistance is given (need vs. merit) and how much is given have never been collected. This is another “piece of the puzzle” in determining the overall amount of aid available to students in Canada and necessary in order to calculate the Foundation’s impact.

**Publication Date**
Winter 2002

### 2.3 Parental Expectations of the Net Cost of PSE

**Project Description**
Using microdata available through the new Statistics Canada Survey of Approaches to Educational Planning, examine parents’ understanding of the costs of PSE, their expectations of the availability of student assistance and scholarships, and how/if their savings behaviour is modified by these expectations.

**Public Policy Implication**
Many middle-class parents may be “under-saving” for their children’s education in a mistaken expectation that student assistance will be available to their children; savings behaviour may also be affected by unrealistically high or low expectations of the cost of education. The survey should also allow us to measure the ability of lower income families to save for their children’s education relative to higher income families, as well as the impact of parental education on savings behaviour.

**Publication Date**
Spring 2002
2.4 Best Practices in Aboriginal Education (in Conjunction with CMEC)

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<th>Project Description</th>
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<tr>
<td>Qualitative research project examining results and best practices in assisting Aboriginal students to access and complete a post-secondary program. An international component to this research is essential.</td>
<td>Statistically speaking, Aboriginal high school completers make the transition to post-secondary education at roughly the same rates as non-Aboriginals; their completion rates, on the other hand, are substantially lower. The purpose of this project is to determine what causes the higher dropout rates, examine different remedies for the problem, and determine to what extent new financial aid instruments might play a role.</td>
<td>Summer 2002</td>
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2.5 How do Students Learn about Student Assistance?

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<tr>
<td>Using long interview or focus group techniques, interview groups of students at different stages of their education (before PSE, during, at graduation) to determine what students know about student assistance programs and what their primary sources of information are.</td>
<td>Student assistance programs are meant to alter behaviour - but for a program to alter behaviour, people must know about its existence and its parameters. Most studies show that students are poorly informed and that they almost never turn to government sources for information. The point of this project is to uncover more effective means of disseminating information to clients.</td>
<td>Fall 2002</td>
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2.6 The Role of High School Guidance Counsellors in Promoting Opportunity in PSE

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<tr>
<td>Using a mixture of quantitative and qualitative methods, examine how guidance counsellors introduce their students to various types of educational opportunities, including financial aid and merit scholarships.</td>
<td>Both financial aid and merit scholarship programs assume that secondary students have access to the information they need in order to make applications, etc. But schools frequently have no formal mechanism for talking to students about their future, and much simply gets left under the heading of “guidance.” This study would aim to discover how consistently guidance departments provide this kind of assistance to students.</td>
<td>Fall 2002</td>
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Projects for Theme 3 - Canada in International Perspective

### 3.1 Review of U.S. State-Wide Early Intervention Programs

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<td>The analysis will be to differentiate, where possible, between the effects of early intervention programs that focus on providing better information about careers and education and those that provide financial incentives to students and their parents. Information about governance arrangements, the definition of “low income” students, and the means by which eligible students are targeted and enrolled in such programs will also be expected.</td>
<td>Since the late 1980s, U.S. state governments have been instituting state-wide early information programs as a means to encourage low-income students to consider attending higher education. The Foundation is interested in examining different policy designs and outcomes among these programs with a view to possibly piloting a similar project in Canada in the near future. The resulting paper should therefore be both an inventory of current practices in the area and an analysis of “Best Practices” among such programs.</td>
<td>Spring 2002</td>
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### 3.2 Changes in Tuition Policy - Natural Policy Experiments in Four Countries

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<td>Describe the access effects of changes in tuition policy, including tuition freezes (BC, Quebec), tuition reductions (Manitoba), the abolition of tuition (Ireland), and the introduction of tuition fees where none previously existed (UK, Australia).</td>
<td>Does tuition matter? As tuition forms a major part of the “net price” of education, it is only common sense that it should have some effect - but the size of the effect does not seem to have been measured.</td>
<td>Fall 2002</td>
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### 3.3 Student Aid Regimes in OECD Countries

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<tr>
<td>Describe different student assistance policies in OECD countries and any recognized outcomes of recent changes to student aid policies (i.e., anything that might be considered a “natural policy experiment”).</td>
<td>This project allows us to learn from recent “best” (or “worst”) practices in student assistance, and evaluate whether different strategies might be valid in Canada as well.</td>
<td>Fall 2002</td>
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## Projects for Future Research

### Policy correlates of PSE access

**Project Description**
Take time series data on participation rates by province, and try to find correlations with other macro indicators (income per head, unemployment, youth employment, etc.) and policy inputs (tuition, $ per student spent on PSE, $ per student spent on financial aid, etc.).

**Public Policy Implication**
If correlations are found, it will indicate that access to education can be manipulated through macro-policy levers. If no correlations are found, it will provide a strong indication that macro policy levers are ineffective (or at least not proven effective), and that micro-policy or non-economic factors are what count in access.

### Youth Attitudes Towards Borrowing

**Project Description**
Special survey looking at the knowledge high school students have of student loans and their associated responsibilities, and their attitudes about borrowing for school. Special attention to be paid to differences in borrowing attitudes by ethnic group.

**Public Policy Implication**
The basic assumption of all Canadian student assistance programs is that students who want assistance are prepared to borrow money in order to go to school. But if basic, systematic, and identifiable biases against borrowing exist, then it may be that the loan system itself is a barrier to access.

### Examining Differences in Completion Rates between Borrowers and Non-Borrowers

**Project Description**
Using either the new ESIS survey results or a combination of institutional reporting and provincial administrative databases, examine the relationship between borrowing and persistence.

**Public Policy Implication**
If borrowing is positively correlated with dropouts, then it may suggest a need to change the loan-grant mix; if it is not, it may suggest that the current mix is appropriate.

### Determining Total Borrowing and Debt Levels

**Project Description**
Using provincial and/or federal administrative databases, determine the extent of total student debt circa 1999, and track changes over time.

**Public Policy Implication**
This kind of tracking system would allow the Foundation to monitor more closely the effects of its own bursaries on total student borrowing and indebtedness.

### Attitudes of Minority Ethnic Groups towards Education and Borrowing for Education

**Project Description**
In conjunction with the Youth Attitudes towards Borrowing project, determine if ethnicity and/or immigration status has a major effect on attitudes towards pursuing education and willingness to borrow for education.

**Public Policy Implication**
A positive indication on either question would suggest that “one-size-fits-all” student assistance programs (including the Foundation) might not be the answer to persistent access problems in particular ethnic communities.
Section C - Contract Research, Quality Control, Partnerships, and Dissemination

Contract Research

The Foundation does not perform research in-house; the role of the Foundation secretariat is to act as a research hub rather than a research centre. Individual research projects are sent to tender using the MERX system; bids from researchers across Canada are received and considered through this competitive process.

Quality Control

The Foundation is concerned about monitoring the quality of the research being performed. The normal procedure for quality control in research is peer review, a process that can be quite time-consuming and unwieldy to manage. The Foundation does, however, respect and make use of the principles behind peer review. Each piece of research is reviewed and critiqued by a panel of five experts and academics prior to publication. Contractors performing research for the Foundation are required to take account of the review panel’s critique when presenting their final report.

Partnerships

Where possible, the Foundation operates research partnerships on specific projects with other organizations. This is done in order to save money and avoid duplication of effort with other organizations interested in issues related to access to education. To date, two research partnerships have already been arranged with the Council of Ministers of Education, Canada. Others partnerships are under discussion with individual provinces, the Government of Canada and other potential partners.

Dissemination

Much of the work done by the Foundation will be useful to other organizations as well. Any research related to access and the effects of financial aid will be of interest to all governments in this country, each of which runs its own student assistance program. It will also be of interest to many stakeholder groups who work in the field of access to education. The Foundation expects to produce three separate types of publications:

1. The Foundation Access Factbook

   The purpose of the Access Factbook is to present a large variety of quantitative and qualitative data on students and student assistance programs in a single publication, which will be a kind of “bible” for researchers and practitioners of student assistance. This book will be approximately 256 pages and will be published biennially.

   Among the topics covered:

   1) How do students prepare for PSE? How do individuals and their families make decisions about post-secondary education? How (and how much) do they save? How do they decide what institution to attend and what are their expectations of their post-secondary program?
2) **Portrait of the Student Body:** Where do students study and what do they study? Do they study out of province? Which disciplines are seeing gains and which are seeing losses? What do we know about the social composition of the student body? Does it differ by region/type of institution?

3) **Student Aid Programs:** A comparison of the country’s various government student aid programs (e.g., eligibility criteria, need assessment, weekly borrowing maxima, grants available, mobility, remission availability, interest/debt relief, etc.), other government measures to help students (tax measures, employment programs), and available assistance from non-government sources (educational institutions, financial institutions)

4) **Educational Borrowing:** A compilation of what we know about student borrowing and student borrowers.

5) **Student Expenditures:** A look at the evolution of costs facing students, including tuition, residence costs, ancillary and other “mandatory” fees, and a look at how students use of credit cards and lines of credit.

6) **Student Incomes:** A look at where students get their money, including data on students’ wages and part-time work experience.

7) **Government and Institutional Expenditures on Students:** A look at the cost to governments and institutions of providing direct assistance to students.

8) **Participation and Completion Rates:** Compiled statistics on participation rates, completion rates and possible outside factors that affect these rates.

9) **Graduate Outcomes:** An examination of graduate outcomes with a particular emphasis on data related to employment, income and student debt.

The Factbook will draw on three kinds of data:

- data from Statistics Canada publications (relating to student admissions, completions, borrowing, etc.)

- publicly available data from provinces (mostly concerning student aid programs and expenditures)

- original research by the Foundation (generally speaking, manipulations of data obtained from Statistics Canada and the provinces - e.g., correlating provincial PSE participation rates with various fiscal and macro-economic indicators).

2. **Best Available Evidence (Quarterly)**

The purpose of this series is to make substantive contributions to particular public policy questions. Papers will be commissioned that assemble the best available evidence (hence the name) on an aspect of post-secondary education opportunity. For example:
• Does tuition matter?: A review of the evidence on the relation between tuition rates and participation across Canada and around the world.

• Helping Aboriginal students complete PSE: Best practices around the world.

• Financial aid and academic retention: Is there a link?

The research involved would primarily be synthetic - that is, more secondary than primary. However, if the Foundation is already conducting some primary research on a certain topic, new research results can be released through this vehicle as well.

3. Occasional Papers

Much of the Foundation’s research does not fit neatly into a category which would allow them to be published in either the Access Factbook or the Best Available Evidence series. This research will instead be published under the heading of “occasional papers.”