THE MILLENNIUM BURSARY IN BRITISH COLUMBIA
EXPLORING ITS IMPACT
SUMMARY REPORT

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The opinions expressed in this research document are those of the authors and do not represent official policies of the Canada Millennium Scholarship Foundation, and other agencies or organizations that may have provided support, financial or otherwise, for this project.
INTRODUCTION

This report is based on data up to the 2001–02 academic year. It does not take into account the elimination of the B.C. grant program announced in the 2004 budget. While the B.C. grant program no longer exists as described in the present document, this report nevertheless provides a useful analysis of the impact of the Millennium Bursary Program on student indebtedness in British Columbia and explores the impact of millennium bursaries on student persistence.

This report summarizes the findings of research on the impact in B.C. of the Canada Millennium Scholarship Foundation’s Millennium Bursary Program. (Detailed results can be found in the Technical Report.) In particular, this report documents how the millennium bursary led to the expansion of the B.C. government’s grant program to serve more students. The report goes on to show how students benefited from this expansion, using information from the B.C. Student Financial Assistance System (SFAS). This report also explores whether the available data can indicate any effect on education persistence.

Students in B.C. are eligible for assistance from five main sources. In the 2001/02 program year, these sources awarded the following total amounts:

- Canada Student Loans (CSL): $307 million
- B.C. Student Loans (BCSL): $91 million
- B.C. Grants (BCG): $108 million
- Canada Millennium Scholarship Foundation Millennium Bursary (MB): $36 million
- Canada Study Grants (CSG) (for students with dependents): $16.5 million

Students must first be eligible for Canada Student Loans in order to be eligible for provincial funding. The combination of CSL, BCSL and other grants received by a particular student depends on the student’s assessed need, the number of years of post-secondary studies previously completed and the number of dependants.

Since 1998/99, students with no dependants could receive a weekly maximum amount of $260 from some combination of CSL, BCSL, BCG and millennium bursary. Students with dependants have a weekly maximum of $435 and are also eligible for Canada Study Grants. For students with one or two dependants, these Canada Study Grants can be worth up to $40 per week; students with three or more dependants can receive Canada Study Grants of up to $60 per week.

1 The B.C. SFAS contains a wealth of information on each student who applied for student assistance from 1993/94 to 2001/02, including information on assessed need, eligibility, amounts of loans and grants awarded and additional information where applicable, such as withdrawals, reassessments and loan defaults. The B.C. Ministry of Advanced Education provided access to this data through its Student Financial Services Impromptu Data Warehouse.
IMPACT ON STUDENT FINANCIAL AID POLICIES IN B.C.

The millennium bursaries were implemented in B.C. in the 1999/00 program year. At that time, B.C. had a grant program for students in their first and second years of post-secondary studies who had high assessed financial need. The implementation of the millennium bursary led to the expansion of the B.C. government’s grant program. While the implementation of the bursary did not affect the total amount of financial assistance available to individual students, more students were able to receive some of this assistance as a grant rather than as a loan.

For the ten-year period prior to the inception of the millennium bursary, from 1988/89 until 1998/99, only students in their first and second years of studies who had high assessed financial need (at least $105 per week) were eligible for B.C. grants. By combining the Foundation’s investment with the B.C. grants, the province and the Foundation were able to provide the same support to students in their first four years (136 weeks) of post-secondary education.

Millennium bursaries are available to undergraduate students in their second, third and fourth years of post-secondary studies. B.C. grants are available to students in any of their first four years of study. The diagram below depicts these changes. Beginning in the 2000/01 program year, B.C. grants were also available to single parents in their fifth year of studies. To be eligible for a grant, students’ assessed need had to reach a “high need” threshold. This threshold was $105 in assessed need per week until 2000/01, when it was raised to $125 per week.

WITH THE INCEPTION OF THE MILLENNIUM BURSARIES, GRANT ELIGIBILITY FOR HIGH-NEED STUDENTS WAS EXTENDED FROM THE FIRST TWO YEARS TO THE FIRST FOUR YEARS OF STUDY

<table>
<thead>
<tr>
<th>1988/89 to 1998/99</th>
<th>Year of PS Studies</th>
<th>Since 1999/00</th>
</tr>
</thead>
<tbody>
<tr>
<td>B.C. Grant + Loans</td>
<td>1st Year</td>
<td>B.C. Grant + Loans</td>
</tr>
<tr>
<td></td>
<td>2nd Year</td>
<td>B.C. Grant + Loans</td>
</tr>
<tr>
<td></td>
<td>3rd Year</td>
<td>B.C. Grant + Loans</td>
</tr>
<tr>
<td></td>
<td>4th Year</td>
<td>B.C. Grant + Loans</td>
</tr>
<tr>
<td></td>
<td>5th Year</td>
<td>Millennium Bursary and/or B.C. Grant + Loans</td>
</tr>
<tr>
<td></td>
<td>6th Year</td>
<td>Loans Only*</td>
</tr>
<tr>
<td>Loans Only</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* High-need single parents in their fifth year were also eligible for B.C. grants as of 2000/01.

2 Program year for the B.C. Student Services Branch is August 1 to July 31.

3 For ease of communication, number of years of post-secondary education (PSE) is often used in this report, although actual eligibility is based on number of weeks of PSE. Standard course length is 34 weeks per year, but some courses are much longer, affecting students’ eligibility.

4 The high need threshold was implemented in 1996/97; prior to that there was no threshold.
Since the implementation of the millennium bursary led to changes in the grant program, we must examine both programs together in order to understand the impact of the millennium bursary. The students who benefited most from the changes were those with high assessed need in their third and fourth years of post-secondary studies in 1999/00 or later. Single parents with high assessed need in their fifth year of post-secondary studies in 2000/01 or later were also direct beneficiaries. In 2001/02, millennium bursaries and B.C. grants benefited 13,832 students in their third or fourth year of studies, and 519 single parents in their fifth year. All of these students would have otherwise received loans rather than grants.

**IMPACT ON STUDENT DEBT IN B.C.**

In order to determine how many students benefited from the changes in the grant programs and how these changes affected student debt, we examined data from the B.C. Student Financial Assistance System. There were two parts to our analysis. First, we developed profiles of millennium bursary recipients to see how they compared to those who did not receive millennium bursaries. Second, we determined what assistance students would have received if the millennium bursary had not existed during the period 1999/00 to 2001/02 and if the B.C. grant program had not been expanded.

If the millennium bursary had not existed during the period from 1999/00 to 2001/02 (the last year included in this analysis), student financial aid awards would have been different in two respects. First, students in their second, third and fourth years of post-secondary studies would not have received millennium bursaries. Students in their third and fourth years, as well as single parents in their fifth year, would not have received B.C. grants. Second, high-need students in their third and fourth years of studies, and single parents in their fifth year, would have received B.C. student loans instead of B.C. grants or millennium bursaries. As a consequence, their total debt would have been higher.

In the 2001/02 program year, 64,468 students received financial assistance in B.C. Of these, 39,219 (61%) received some of their assistance in the form of a grant, including 11,108 who received millennium bursaries. If the millennium bursary had not existed and the associated changes in the B.C. grant program had never occurred, 10,054 of the students who had received grants (26%) would have received loans instead. In addition, some students with dependants would have had the total amount of their grants reduced because they would no longer be eligible for a B.C. grant or a millennium bursary, although they still would have received a Canada Study Grant.
Average total accumulated debt for students who received some financial assistance in 2001/02 was $12,638. If the millennium bursary had not existed, the average student debt would have been $14,016, i.e., $1,378 higher than it was in reality. This number is based on all students who received assistance in 2001/02, including those who were not direct beneficiaries, in that the amount of their debt would have been the same whether or not the changes had occurred.

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*This amount is the average debt of students in any year of their program, not average debt upon graduation.*
The millennium bursary and associated changes in the B.C. grant program benefited students by reducing their overall debt. This reduced debt may have increased the likelihood that students would continue their post-secondary studies. Additional research was conducted to explore the extent to which student financial aid data can be used to examine the impact of the millennium bursaries and associated policy changes on educational persistence. For this research, persistence is considered on a continuum to reflect progress toward completion.

To explore the possible impact of the millennium bursary on educational persistence, we compared two groups of students, differing mainly in whether or not they stood to benefit from the millennium bursary. Students in one group (the “Pre-Millennium” cohort) entered their programs too early to benefit from the millennium bursary. The other group (from the “Millennium” period) was in a position to benefit from the millennium bursary and changes in the B.C. grant program by the time they reached their third year of post-secondary studies. Groups of students were matched according to variables such as gender and prior post-secondary experience. Their progress in the education system was tracked for a set length of time.

**TOTAL STUDENT DEBT FOR DIRECT BENEFICIARIES IN 2001/02 IS LOWER THAN IT WOULD HAVE BEEN IF THE MILLENNIUM BURSARY AND OTHER POLICY CHANGES HAD NOT OCCURRED**

<table>
<thead>
<tr>
<th></th>
<th>No Dependents</th>
<th>Dependants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual (With Millennium &amp; Policy Changes)</td>
<td>$11,814</td>
<td>$15,000</td>
</tr>
<tr>
<td>Without Millennium &amp; Policy Changes</td>
<td>$14,621</td>
<td>$23,693</td>
</tr>
</tbody>
</table>

*Includes high-need students in their third and fourth years of study and single parents in their fifth year of study.

**IMPACT ON EDUCATION PERSISTENCE**

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Since high-need students in their first and second years of studies would be eligible for either B.C. grants or millennium bursaries in both the pre-millennium and millennium periods, the third year of post-secondary studies is the first point where the two groups diverge in their access to grants. The focus of the study was to determine whether students who were eligible for either the millennium bursary or B.C. grant were more likely to continue on to their third and fourth years than those who did not have access to these funds.\(^7\)

PERSISTENCE OF TWO GROUPS OF STUDENTS WAS COMPARED: STUDENTS IN THE PRE-MILLENNIUM GROUP BEGAN THEIR STUDIES PRIOR TO THE INTRODUCTION OF THE MILLENNIUM BURSARY, WHILE THOSE IN THE MILLENNIUM GROUP BEGAN AFTER THE INTRODUCTION OF THE BURSARY

There are limitations to using the SFAS to measure persistence, because, for a given year, the database only contains information on students who applied for financial aid for that year. A student who did not apply for aid in a given year may have attended post-secondary studies and not needed aid, or may not have attended. As a result, we only know how long a student remained in school if she/he applied for aid in the final year of her/his post-secondary studies. However, given that the students in question had high assessed need, it seems unlikely that they had the financial resources to continue without aid.

We conducted two sets of comparisons. The first set involved students with no prior post-secondary education who entered four-year programs. The second set involved students with two years of prior post-secondary experience who entered two-year programs. In both sets of comparisons we were interested in how many students continued into their third and/or fourth year of studies, and whether there was any difference between the Pre-Millennium and Millennium periods in this regard.

\(^7\) For students in their first program (first credential), the primary beneficiaries of the millennium bursary are high-need students in their third and fourth years of study. Without the bursary and other changes, only students in their first and second years would be eligible for B.C. grants. Similarly, for students in one- or two-year programs, the primary beneficiaries are those who have had at least two years of post-secondary studies before entering the one or two-year program.
The graph below shows the basic results: the percentage of High Need students with and without dependants who reached their fourth year of post-secondary studies during the tracking period.

Only High Need students are shown, as these are the only students who stood to benefit from the millennium bursary. For students who entered two-year programs after completing two years of post-secondary studies the millennium bursary had a positive impact on persistence. High Need students were much more likely to reach their fourth year of studies in the Millennium period than were their counterparts in the Pre-Millennium period. However, the opposite pattern emerged in four-year programs; proportionately fewer students in the Millennium group reached their fourth year during the four years of the tracking period. This was true for every comparison made, although the difference was lowest for students with dependants.

IN TWO-YEAR PROGRAMS, PERSISTENCE WAS HIGHER FOR HIGH NEED STUDENTS IN THE MILLENIUM PERIOD THAN IN THE PRE-MILLENIUM PERIOD, BUT THE REVERSE WAS TRUE IN FOUR-YEAR PROGRAMS

There are a number of possible reasons for this difference. Each comparison involves different students; in total, four different cohorts were examined. It is possible that these groups differ in other respects beyond the scope of this study.

Labour market and economic conditions, which can affect persistence, do not seem to explain the different results for two-year and four-year programs. Most students in the Pre-Millennium period would have reached their fourth year between 1998 and 1999, regardless of whether they were enrolled in a two-year or a four-year program. Likewise, most students in the Millennium period would have reached their fourth year between 2001 and 2002. Students from two-year and four-year programs therefore faced the same labour market and economic conditions. Such conditions would be expected to have similar effects on students from both programs.
Another possible explanation is that an increased number of high-need students in four-year programs were studying without financial aid during the Millennium period. Although there is no reason to expect that High Need students were more likely in the Millennium period to be able to secure the financial resources they needed, this possibility cannot be eliminated given the source of data.

The Student Financial Assistance System data can address one possible factor: unmet need. Since financial aid awards are subject to a cap, students may receive less aid than they need. Most four-year programs are university degree programs, which tend to be more expensive than two-year programs (most of which are college diploma programs). Students in four-year programs may therefore be more likely to have unmet need.

To assess this possibility, we determined the amount of unmet need for students in the first year of a two-year or four-year program. We calculated unmet need by subtracting the total assessed need from the total weekly assistance provided. If the difference was negative, there was some unmet need. As the graph below shows, the average amount of unmet need for students in the first year of a four-year program was much higher than the average for students in the first year of a two-year program. This was true for students in both the Pre-Millennium and Millennium periods.

There is evidence that the amount of unmet need affects persistence. Students who continued into their second year had lower unmet need during their first year than those who did not continue. As the graph below illustrates, this was true for students in both two-year and four-year programs. The graph also shows that students in two-year programs who continued to their second year had almost no unmet need in their first year. On the other hand, students in four-year programs who continued to their second year had a considerable amount of unmet need in their first year, although less than those who did not continue.

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8 A negative amount does not always reflect unmet need. If a student received an over-award in the previous year, the amount of the over-award would be deducted from the total aid received in the following year.
The fact that students in four-year programs have greater unmet need may explain why grants had a positive relation to persistence only for two-year programs. If unmet need is high enough, it may not matter to a student whether her/his financial assistance comes in the form of a loan or a grant. If the assistance does not meet her/his needs, a student may not be able to continue in school, or may need to take time out to work and save money. Perhaps grants only have an impact on persistence if the total amount of financial aid is sufficient to address a student’s needs. The graph below depicts this possible relation between unmet need, grants and persistence.

**AMOUNT OF STUDENT DEBT MAY ONLY AFFECT PERSISTENCE IF UNMET NEED IS LOW**
These findings suggest that unmet need may be one of the factors that affects whether a student decides to continue in school. This may be why the availability of grants in the third and fourth years of study does not appear to increase a student’s likelihood of staying in school for four years. The size of a student’s debt may be relevant only if her/his financial needs are being met. If this theory is correct, students whose needs are met, and whose debt is lower because they have received some of their aid in the form of a grant or bursary, would be expected to have the highest rates of persistence. This is consistent with the findings of this study: students in two-year programs (with two prior years of post-secondary education) had lower unmet need. Of these, those who received grants had lower student debt and higher persistence than any other group.

Our research on persistence is exploratory. It is limited by the fact that the data only includes students who applied for aid. We cannot rule out other possible explanations for our results. Our findings do, however, suggest the need to explore this issue further. In particular, the persistence of borrowers and non-borrowers should be compared, using actual enrolment data to determine whether there is a relationship between student debt and education persistence.