For Immediate Publication

New study points to pressures on student aid programs

March 21, 2003 – A report published today by the Canada Millennium Scholarship Foundation identifies stagnant financial aid limits and unrealistic parental contribution requirements as major issues Canada’s student financial aid programs must address if they are to adequately respond to changing student needs.

Assessing Canada’s Student Aid Need Assessment Policies, produced for the Foundation by Fred Hemingway Consulting, points to insufficient maximum assistance limits (unchanged since 1994), as the greatest area of concern. The consequences of this are felt most severely among students with high costs to meet, such as students from rural areas and those with dependents. Consequences of unmet need could include a decreased persistence among students from low socio-economic backgrounds and a high reliance on private debt, as well as students working prolonged hours, thereby lengthening their period of academic studies.

In addition, many middle-income parents cannot afford to meet governments’ expected level of contributions towards the cost of their children’s post-secondary studies. Student assistance programs routinely expect families with pre-tax incomes of over $80,000 to contribute $10,000 or more per year to their children’s education. According to a recent Foundation report, Making Ends Meet (released March 10, 2003), only 3% of students receive this level of support from their parents.

“While Canada’s student aid programs for the most part provide students with adequate assistance, this study shows that specific problems exist within the system” said Alex Usher, Director of Research and Program Development for the Canada Millennium Scholarship Foundation. “This study shows that stagnant loan limits have created serious problems of unmet need among certain groups of students.”

Other issues highlighted by the study include:

• Low in-study income limits serve as a disincentive to many students who may be able to work more to support themselves while in school

• Student aid applications are too long and detailed, and need assessment criteria is too complex, to help students and parents make planning decisions regarding the cost of post-secondary education

• Many students who need financial support but cannot qualify for government student aid, in addition to others who find such aid insufficient, must resort to private lines of credit to finance their education. Many of these students may fail to meet the requirements set out by private loan providers.
“The Millennium Research Program is designed to provide all educational stakeholders with better research and data on access to post-secondary education”, said Norman Riddell, Executive Director and Chief Executive Officer of the Foundation. “It is our hope that this study will provide all education partners with important information and analysis that could lead to a more effective system of student assistance in Canada.”

The Canada Millennium Scholarship Foundation is a private, independent organization established in 1998 by Parliament with a ten-year mandate to improve access to post-secondary education. The Foundation’s $2.5-billion endowment is directed primarily towards providing approximately $289 million per year in grants to undergraduate students in Canada with financial need.

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The full report is available on the Foundation’s website:

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