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The good news? Almost half of all students graduate debt-free

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With a new school year upon us, naturally there is a lot of talk around student debt and the punishing financial load it puts on graduates. In spite of spiralling costs of post-secondary education, there are many students who graduate debt-free.

University of British Columbia economics professor Paul Beaudry believes many media references to student debt levels in Canada are misleading. And he's right.

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In an email, he noted that the average student debt load provided by the government and other primary sources are often misrepresented, namely due to the difference between conditional average debt and straight average debt. Conditional average debt is conditional on the graduate having debt and this number is sometimes confused with the average debt load of all graduates.

The [last substantial report by Statistics Canada](http://www.statcan.gc.ca/pub/81-595-m/81-595-m2009074-eng.htm) [http://www.statcan.gc.ca/pub/81-595-m/81-595-m2009074-eng.htm] ([here is a more detailed link](http://www.statcan.gc.ca/pub/81-595-m/2009074/debts-dettes-eng.htm) [http://www.statcan.gc.ca/pub/81-595-m/2009074/debts-dettes-eng.htm]), which looks at the classes of 2005, reads: "...of the graduates that held debt related to financing their education, substantial variation existed in their average debt levels from all sources, ranging from \$13,600 to \$25,600."

These are the conditional average debt numbers. The figure of \$13,600 was for college graduates who graduated with debt while the \$25,600 figure was for doctoral graduates who graduated with debt. Bachelor's and Master's degree graduates with student debt had an average between \$20,000 and \$25,000.

Two other main primary sources of student debt statistics are the Canadian Millennium Scholarship

Foundation report, *The Price of Knowledge: Access and Student Finance in Canada* [http://qspace.library.queensu.ca/bitstream/1974/5780/1/POKVol4_EN.pdf] (see page 185), and most recently, Bank of Montreal's *BMO 2012 Student Survey* [<http://newsroom.bmo.com/press-releases/students-stressing-more-over-finances-than-academi-tsx-bmo-201208170812920001>].

What is interesting is that all three reports indicate that roughly 40 to 50 per cent of post-secondary students have no debt at graduation.

An average debt load figure that often gets quoted in the media is \$27,000 per student. Many times it's not clear that this number is an average only for those graduates who have debt. As Professor Beaudry explains: "The real problem is the distribution of debt: the **median** student has almost **no debt**, while there is about one quarter of students that hold almost all the debt."

So for those students who do carry student debt, the situation appears even more dire. When we examine the details of student debt a bit closer, it's still concerning. But perhaps for different reasons than the headline numbers suggest.

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