A New Kind of Student Aid: Creating, Implementing and Assessing the Millennium Access Bursaries

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Canada Millennium Scholarship Foundation

The Canada Millennium Scholarship Foundation is a private, independent organization created by an act of Parliament in 1998. The Foundation works to improve access to post-secondary education for Canadians from all backgrounds; it encourages a high level of achievement and engagement in Canadian society; and it brings people and organizations together to understand barriers and improve access to post-secondary education in Canada. Each year, the Foundation distributes $340 million in bursaries and scholarships to students across Canada.

The Research Program

The Millennium Research Program furthers the work of the Foundation by undertaking research and pilot projects aimed at understanding and reducing barriers to post-secondary education. It ensures that policy-making and public discussion about opportunities in higher education in Canada can be informed by the best available evidence.

Research Note Series

Part of the mission of the Canada Millennium Scholarship Foundation is to improve access to post-secondary education so that Canadians can acquire the knowledge and skills needed to participate in a changing economy and society.

Higher education provides the prospects for personal fulfillment and economic advancement to which Canadians from all backgrounds are entitled. The Foundation carries out extensive research, collecting and analyzing data from surveys and pilot projects, so that we can better understand the barriers that prevent some students from making it to the post-secondary level and so that we can identify means to alleviate those barriers.

Within the broad scope of our research, we uncover certain trends, questions and issues that call for wider public dialogue. This research note, the fifth in an ongoing series examining issues of access and funding for post-secondary education, seeks to inform this dialogue and the development of new programs and policies.
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Abstract: Canada's system of student financial assistance underwent significant changes prior to the 2005–06 academic year. Until 2005–06, the vast majority of grants—which do not need to be repaid—provided to students were allocated, like loans, on the basis of a student's level of need, roughly calculated by subtracting eligible costs from assessed resources. The Canada Millennium Scholarship Foundation’s new millennium access bursaries, the federal government’s Canada Access Grants and additional provincial access grants are allocated principally on the basis of income or other demographic indicators (like Aboriginal status). This research note explores the theoretical and empirical rationale for these income-based grants. It discusses the manner in which they were implemented, offers the first descriptive and analytical snapshot of their distribution, and contrasts their recipients with those of other existing grants. Though not part of the formal evaluation of the millennium access bursaries, this note complements the Measuring the Effectiveness of Student Aid project.

Providing assistance grants to those who must borrow the most ostensibly makes sense. Unfortunately, this approach assumes that low-income students will qualify for higher levels of assistance by virtue of their family income. This is not always the case. Low-income students, because they confront a lack of funds, are likely to obviate their problems by pursuing relatively inexpensive programs, by living at home and by working during the academic year. Thus, they actually can minimize their reliance on student financial aid. Consequently, they typically receive smaller loans and fewer grants than students who report lower employment income, who face higher tuition fees or more costs, or who have moved away from home to study. Moreover, low-income students are often squeezed out in the race for grants by older students who are considered independent of family resources but who, according to research findings, often get some parental support.

Fortunately, the system of need-based grants, which on its own inadequately serves cost-conscious low-income students, is now complemented by the millennium access bursaries and the Canada Access Grant, which help fill significant gaps in student aid.

This research note discusses three questions surrounding the access bursary initiative. First, why should governments provide grants specifically for low-income and other underrepresented groups of students? Second, what can we learn from the manner in which the millennium access bursaries were implemented? And third, how are income-based grant recipients different from need-based grant beneficiaries?

Prior research has demonstrated that non-repayable financial assistance has a positive effect on students’ likelihood of completing their post-secondary education. Furthermore,

1. For the purpose of this paper, “grant” and “bursary” are used interchangeably.
research on the distribution of financial aid demonstrates that low-income students receive fewer of the grants available to high-need students on account of their cost-conscious behaviour. As a result, efforts to provide low-income students with grants must work around the systemic challenges that prevent them from fully benefiting from existing grant funding.

The Canada Millennium Scholarship Foundation's approach to delivering bursaries to groups of students under-represented on post-secondary campuses stands out in the financial aid policy community. While the program’s objectives are national, its application is designed to fit local realities. There are two compelling reasons for this: education policies differ dramatically from province to province; and demographics and student populations in each province vary substantially. Consequently, the Foundation sought a policymaking approach predicated on jurisdictional flexibility.

The early results from administrative data demonstrate that there are quite notable differences between the Foundation’s need-based and income-based bursary recipients. There is relatively little overlap between the two groups, owing to their different kinds of financial need. While these results confirm some of the ideas underpinning the creation of the access bursaries, they pale in comparison to the eventual results of the longitudinal, independent evaluation of the millennium access bursaries that is well underway.

In summary, the Canada Millennium Scholarship Foundation’s access bursaries represent three substantial departures for Canadian student financial aid: they provide assistance largely on the basis of income, not need; they allow for significant jurisdictional flexibility; and they are the focal point of a larger research program.

**Why Grants for Low-Income Students**

There are three key reasons why the Canada Millennium Scholarship Foundation decided to create a bursary program specifically for students from under-represented groups:

1. As higher education becomes increasingly important to individual and societal well-being, there is a national need to increase post-secondary attainment. An efficient way of improving enrolment rates is to focus efforts on the individuals least likely to be bound for post-secondary study. This is especially true of financial aid programs that are designed to assist individuals who lack the funds to meet the costs of being a student.

2. Research on the relationship between financial aid programs and student success demonstrates that the provision of grants has a positive effect on the likelihood that a student will complete his or her studies. Because low-income students are likely to have access to fewer sources of financial support as they pursue studies, financial aid can help them pay their bills while staying in school. As Finnie (2004) points out, grants reduce the net cost of higher education. This increases the perceived rate of return on schooling for low-income students who may be less convinced of the benefits of post-secondary education and less willing to go into debt for it. In his review of the literature on grants in a number of countries, Usher (2006)

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2. See Chapter 3 of Berger et al. (2007) for the most recent data on the costs and resources of Canadian students.

3. See Canada Millennium Scholarship Foundation (2006) for an overview of research on grants and persistence conducted for the Foundation.
discusses several U.S. studies on the effects of grants on low-income students' ability to access and complete higher education. He concludes that grants are likely to have a positive effect on persistence among low-income students, particularly in the early years of post-secondary studies. In his own literature review, Mueller (2007) argues that grants have a stronger impact than loans on the enrolment decisions of low-income individuals.

3. The assumption that grants are already targeted to low-income students through existing financial aid architecture appears to be incorrect. The student aid system assesses need by subtracting resources from costs. Low-income students who enrol in relatively cheap programs of study, like those offered at community colleges, or live at home with family will have fewer costs than those who move away to pursue expensive programs. Those who work to supplement their income will be considered to have more resources by the need assessment process. As a result, low-income students who act rationally by keeping their costs low are likely to be effectively penalized by a system that only provides grants to high-need students. Moreover, students who are considered independent of their parents (generally by virtue of their age) are more likely to receive grants (indeed, 68% of millennium bursaries, as opposed to millennium access bursaries, are received by independent students). This is because their family income is not considered in assessing their need, even though they may have access to substantial family funds. The impact of a student's dependency status cannot be overstated. Given that non-repayable financial assistance is scarce, low-income dependent students have to compete for these funds with older students who are considered to be receiving no funding from family members. According to Ekos (2006), 42% of students aged 22 to 23 and 32% of those aged 24 to 25 received some support from parents during the 2003–04 academic year. None of those funds would be considered resources by student financial aid programs. Since older students are more likely to have higher costs (they are more likely to live away from home or to have spouses and children), they may wind up edging out low-income dependent students for grant funds offered by financial aid programs that ignore their family contributions.

Given these “drivers” of need and that there are more children from wealthy families than from poor families on post-secondary campuses in Canada, Usher (2004) finds that almost 60% of the $1.07 billion spent on grants in 2001 was provided to individuals from the top two income quartiles (Usher 2004, 18). The existing method of delivering financial aid seems to do a poor job of providing grants to the students most likely to benefit from them. This may simply be a reflection of the aims of grant programs. Canadian policymakers have traditionally—and successfully—used grants to prevent over-indebtedness. Only recently have grants been considered as a means of improving enrolment or completion rates among certain populations of students.

Following a legislatively mandated independent review of its bursary program, the Canada Millennium Scholarship Foundation undertook a series of pan-Canadian consultations in 2004 to discuss how best to improve it. The consultations echoed the results of research on Canadian student aid that found that “high-need” students, though often assumed to come from underprivileged backgrounds, were not necessarily the same as “low income” students.

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“Grants are likely to have a positive effect on persistence among low-income students.”
Implementing the Millennium Access Bursaries

As the Canada Millennium Scholarship Foundation approached the second half of its ten-year mandate, it anticipated a surplus on the investment of its initial $2.5 billion endowment, owing to lower-than-expected operating costs and higher-than-expected returns on its investments. It applied the lessons learned during its pan-Canadian consultations to the creation of a $200 million initiative, the millennium access bursaries, to be spread over the last four years of Foundation operations. The initiative was designed to complement the existing Millennium Bursary Program by specifically targeting funds to low-income students, even if they did not have the highest levels of financial need. Similarly, the federal government and certain provincial governments introduced new measures to support students who for a long time had been assumed to be adequately supported by existing grant measures and who, in fact, were not.

The Foundation’s access bursaries are unique in that they are subject to a rigorous evaluation. In addition to funding the bursaries, the Foundation supports a research project, led by the Educational Policy Institute and the School of Policy Studies at Queen’s University, to investigate the provision of assistance to low-income students. The research project, known as Measuring the Effectiveness of Student Aid (MESA), will use administrative data and survey responses to track the persistence of access bursary recipients and comparable non-recipients. It also provides opportunities to explore issues related to financial aid, student persistence and low-income students using existing Canadian data sets.

As discussed earlier, the Canada Millennium Scholarship Foundation and the Government of Canada introduced income-based access grants simultaneously during the 2005–06 academic year. These grants have as their overarching goal to deliver non-repayable financial assistance in a manner that is different from existing need-based grants. However, the grant programs are distinct in two important ways: first, the Foundation’s bursaries are available to students in all jurisdictions while the Canada Student Loans Program does not operate in Quebec, the Northwest Territories and Nunavut; and second, Foundation bursaries vary from province to province, according to needs identified by provincial governments and education stakeholders. The Canada Access Grant is delivered according to the same criteria in each jurisdiction.

There are two Canada Access Grants: one for students from low-income families during their first year of post-secondary study; and one targeted to students with permanent disabilities. Students whose families qualify for the federal government’s National Child Benefit may receive the first Canada Access Grant worth half their tuition costs up to $3,000. Students with permanent disabilities may receive a Canada Access Grant worth up to $2,000.

4. In implementing access grants for under-represented students, the Foundation staff took into consideration several of the other lessons learned during the 2004 consultations, such as the importance of using bursaries to both address unmet need and reduce debt, the need to provide bursaries to students in their first year of study, and the importance of ensuring that bursaries are delivered in a way that is sensitive to the unique characteristics and particular circumstances of each jurisdiction.

5. As discussed below, in certain provinces the funds are directed to other groups of individuals under-represented in post-secondary education, including Aboriginal students, rural students and adult learners.

6. More information about MESA can be found online, at www.mesa-project.org or www.millenniumscholarships.ca/en/research/MESA.asp


The Canada Millennium Scholarship Foundation’s millennium access bursaries were delivered to students in eight provinces and one territory in 2005–06. They were provided across the country in 2006–07, once negotiations between the Foundation and each provincial/territorial government were completed. The Foundation approached each provincial government with an objective of delivering funds to under-represented students and a set of parameters for their delivery. It sought to provide non-repayable assistance to students under-represented in post-secondary education according to the needs defined by each provincial and territorial government. In most cases, the bursaries are delivered to dependent students on the basis of the student’s family income. In Alberta, they are intended for rural students. In Saskatchewan, the bursaries are provided to Aboriginal students (additionally, in Manitoba, a portion of the access bursaries are set aside for Aboriginal students and adult learners).9

In certain jurisdictions, the millennium access bursaries closely resemble the Canada Access Grants. The bursary provided in Ontario in 2005–06 is a good example.10 It used the National Child Benefit criteria to determine which students qualify on the basis of their family income, and the amount is set, like the Canada Access Grant, at half the cost of tuition up to $3,000. The effect of the two grants, then, is to cover the entire cost of tuition for many Ontario students.

In other provinces, the millennium access bursaries are administered differently than the Canada Access Grant. In B.C., for instance, family income is measured not by eligibility for the National Child Benefit, but by the student aid program’s expected parental contribution. This is also the case in Nova Scotia and Newfoundland and Labrador. In these provinces, each recipient is provided $1,000 to reduce student loan debt and up to $2,500 to reduce unmet need—the portion of a student’s need that is recognized but not funded by the provincial financial aid program.11 In New Brunswick and P.E.I., students are considered eligible for the access bursary using the National Child Benefit criteria, but the bursaries are delivered in a different manner than the Canada Access Grant. Table 1 provides a description of the access bursary in each province and territory.

While the millennium access bursaries are a national initiative provided to students in every province and territory, they are not administered in a one-size-fits-all manner. The Foundation’s access bursaries were designed on the principle that post-secondary education and student support programs are quite distinct across Canada. The Foundation sought to create a program that would consistently deliver funds across the country on the basis of three values: to deliver aid to under-represented students who appear to be under-served by the existing financial aid system; to design the program at the provincial/territorial level in a manner flexible enough to recognize existing support mechanisms and local needs; and, finally, to conduct a rigorous, independent evaluation of this new kind of student financial assistance. This third objective is being met through the MESA project, which uses evaluation of the


10. The Millennium/Ontario Access Grant is jointly funded by the Foundation and the Ontario government. Since 2005–06, the grant has expanded to support middle-income students in the first two years of their post-secondary studies.

11. If the student has no unmet need, the bursary is restricted to the $1,000 loan reduction payment.
bursaries as a launching point to study the factors that affect an individual’s decision to pursue and complete higher education, focusing particularly on youth unlikely to go on to post-secondary study.

In recent years, despite increases in enrolment and a growing population of traditional post-secondary age individuals, the number of student aid recipients has decreased. Thus, bursary programs based on the number of

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### Table 1: Access Bursary Criteria and Recipients’ Family Income

<table>
<thead>
<tr>
<th>Province</th>
<th>Threshold</th>
<th>Average Parental Income among Recipients</th>
<th>Bursary Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>BC</td>
<td>$0 parental contribution in 2005–06; less than $1,000 parental contribution in 2006–07</td>
<td>$26,366, $31,440</td>
<td>$3,000</td>
</tr>
<tr>
<td>AB</td>
<td>Rural students eligible for student aid</td>
<td>–, $27,934</td>
<td>$1,000</td>
</tr>
<tr>
<td>SK</td>
<td>Aboriginal students eligible for student aid</td>
<td>$33,423*, N/A</td>
<td>$2,000</td>
</tr>
<tr>
<td>MB Adult Learner</td>
<td>Threshold set by province and Foundation</td>
<td>None, None</td>
<td>$5,000 (in first year; diminishing thereafter)</td>
</tr>
<tr>
<td>MB Opportunities</td>
<td>National Child Benefit (for dependent students) / Independent Aboriginal students eligible for student aid</td>
<td>None, $20,209</td>
<td>50% of tuition (max. $3,000) for low-income students, 100% of tuition or assessed need (max. $4,000) for Aboriginal students</td>
</tr>
<tr>
<td>ON</td>
<td>National Child Benefit in 2005–06; sliding scale of family income up to $74,800 in 2006–07</td>
<td>$21,065, $40,228</td>
<td>25% to 50% of tuition (max. $3,000)</td>
</tr>
<tr>
<td>QC</td>
<td>Lowest-income students eligible for student aid</td>
<td>$14,801, $12,952</td>
<td>$3,000 (approx.)</td>
</tr>
<tr>
<td>NB</td>
<td>National Child Benefit</td>
<td>$23,340, N/A</td>
<td>$1,000 (Y1) $2,200 (Y2) $1,800 (Y3)</td>
</tr>
<tr>
<td>NS</td>
<td>Less than $1,000 parental contribution</td>
<td>$34,784, $34,783</td>
<td>$1,000 debt relief; from $500 to $2,500 unmet need</td>
</tr>
<tr>
<td>PE</td>
<td>National Child Benefit</td>
<td>--, N/A</td>
<td>$1,000</td>
</tr>
<tr>
<td>NL</td>
<td>Less than $1,000 parental contribution</td>
<td>$35,792, $36,328</td>
<td>$1,000 debt relief; from $500 to $2,500 unmet need</td>
</tr>
</tbody>
</table>

* Parental income only available for the 26% of recipients who are dependent students.

The access bursaries were not delivered in Alberta and Prince Edward Island in 2005–06; only the adult learner bursary was provided in Manitoba in 2005–06.
student-aid clients in 2004 wind up serving fewer individuals than anticipated. As Figure 1 indicates, fewer students than expected qualified for the bursary in 2005–06. As a result, the eligibility criteria in British Columbia and Ontario were adjusted in 2006–07. The number of students qualifying for the access bursaries remains below expectations in Western Canada and New Brunswick, underscoring the poor representation of low-income youth on post-secondary campuses.

**How Are Access Grant Recipients Different from Need-Based Grant Recipients?**

While the results of the MESA project, which is evaluating the millennium access bursaries, will not be available for some time, early administrative data reveal the extent to which access grant recipients are distinct from those who receive need-based grants and also provide an important lesson about trends in student financial aid.

A comparison of the student aid program assessed need levels of access bursary and high-need bursary recipients supports one of the key ideas behind the access bursary: low-income students are unlikely to qualify for traditional grants. As Figure 3 shows, this is particularly true in Ontario, where the assessed need of access bursary recipients is barely half that of recipients of the Canada Millennium Scholarship Foundation’s high-need millennium bursary. In Manitoba and Saskatchewan, the difference is smaller because independent students (those whose family income is not considered for the bursary) are eligible for the access bursary. In Quebec, the two bursaries are integrated into the same program, which assesses the highest levels of parental contributions for dependent students in the country. In other words, it already targets its aid in de facto fashion to those whose family income is exceptionally low. The access bursary in Quebec is delivered to the recipients of bursaries with the lowest levels of family income. One additional exception is

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12. No comparable figures about the Canada Access Grants have been made available.
Nova Scotia, which has a unique situation where post-secondary studies are concerned: it has an abundance of universities that charge the highest tuition fees in the country; and its community college sector is relatively small. Consequently, most students are restricted to one post-secondary option—an expensive university program. For this reason, there is less of a difference between high-need and low-income students in Nova Scotia.

As Figure 2 indicates, the access bursary typically has a smaller value than the millennium bursary. Because low-income students tend to have lesser amounts of financial need, as described in Figure 3, the bursaries wind
up covering approximately the same share of the student's assessed need in Saskatchewan, Manitoba (adult learner bursary), Ontario, and Newfoundland and Labrador, as demonstrated in Figure 4.

Access bursaries are generally available only to first-year students and the millennium bursaries usually require a student to have completed one year of study to be eligible to receive them. However, in B.C., New Brunswick and Saskatchewan, there is potential for some overlap. As Figures 5, 6 and 7 show, each bursary generally serves a single group of recipients, though this is not always the case. The access bursaries were designed to assist low-income students in part because they are often not the same as high-need students. The latter are already served by both the Foundation’s existing bursary and a collection of federal and provincial debt reduction measures. With the introduction of

![Figure 4](image-url) Value of the Average Millennium and Access Bursary as a Share of Average Assessed Need in 2006–07

<table>
<thead>
<tr>
<th>Province</th>
<th>Access Bursary Share</th>
<th>Millennium Bursary Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>BC</td>
<td>35%</td>
<td>24%</td>
</tr>
<tr>
<td>AB</td>
<td>20%</td>
<td>11%</td>
</tr>
<tr>
<td>SK</td>
<td>20%</td>
<td>21%</td>
</tr>
<tr>
<td>MB (1)</td>
<td>36%</td>
<td>21%</td>
</tr>
<tr>
<td>MB (2)</td>
<td>21%</td>
<td>17%</td>
</tr>
<tr>
<td>ON</td>
<td>19%</td>
<td>19%</td>
</tr>
<tr>
<td>QC</td>
<td>16%</td>
<td>21%</td>
</tr>
<tr>
<td>NB</td>
<td>11%</td>
<td>9%</td>
</tr>
<tr>
<td>NS</td>
<td>11%</td>
<td>16%</td>
</tr>
<tr>
<td>NL</td>
<td>20%</td>
<td>21%</td>
</tr>
</tbody>
</table>

MB (1): Adult Learner Bursary; MB (2): Opportunities Grant
access grants, both populations are being served by grant programs. Some students, however, find themselves in both categories—they have the highest levels of financial need and they come from low-income families or are Aboriginal. These students end up with more funding, qualifying for both need-based and income-based or Aboriginal-directed grants.

Many student aid recipients find that their financial aid package, whether loan, grant or both, does not meet all their needs. In fact, the student aid system often recognizes levels of financial need that it cannot fund. Students with “unmet need,” as McElroy (2004) points out, are more likely than those who are fully funded to abandon their studies regardless of receiving a grant. For low-income students, who may lack emergency financial resources to fall back on, unmet need might play a substantial role in determining whether or not they graduate. Some of the access bursaries are designed in part to reduce unmet need by providing a portion of the bursary in the form of a grant that “tops up” the student’s financial aid package; the remainder of the bursary is provided in the form of a loan reduction payment to reduce the student’s outstanding student loan balance. This mixed delivery is in place in Nova Scotia and Newfoundland and Labrador. In British Columbia, Alberta, Saskatchewan and Manitoba (Adult Learner Bursary only), the bursary is provided entirely in addition to the student’s loan amount.
As Figure 9 indicates, access bursary recipients are somewhat less likely than high-need bursary recipients to enrol at a university. This is particularly true in Alberta, where the access bursaries are provided exclusively to rural students. (Frenette (2002) points out that living more than 80 kilometres from a post-secondary institution reduces one’s likelihood of enrolling.) Access bursary recipients in Newfoundland are one-third less likely than high-need bursary recipients in the province to study at a university; Islanders are one-quarter less likely than their peers; and Quebec recipients are one-fifth less likely to do so.
Conclusion

The introduction of the millennium access bursaries has changed the landscape of Canadian student financial assistance. Their impact can be assessed in three broad areas.

First, the access bursaries represent a change in the way grant funds are allocated to students. Until 2005–06, the vast majority of non-repayable assistance in Canada was provided to students who demonstrated the highest levels of financial need among their peers. By pursuing relatively inexpensive programs, by living at home and by working during the academic year, low-income students minimize their reliance on student financial aid. As a result, they typically receive smaller loans and fewer grants than students who report less employment income and more costs, either because they’ve moved to study or because their tuition fees are high. If the existing system of need-based grants inadequately serves cost-conscious low-income students, the millennium access bursaries and the Canada Access Grant provide an elegant complement.

Second, the millennium access bursaries offer a model for program delivery that maintains national objectives while reflecting regional realities. Because higher education policies differ substantially from province to province, one-size-fits-all financial aid is unlikely to meet the needs of students in all provinces. The Foundation approached its provincial and territorial partners with the intention of delivering grants to students under-represented on post-secondary campuses. The access bursary in each province is delivered on that basis, but not necessarily in the same manner from one jurisdiction to another. Provinces and territories treat student aid policy choices differently, meaning it is important to craft
new programs so that they complement them. Moreover, the type of individuals who are under-represented in post-secondary education varies from province to province.

Third, because the initiative is enacted within the framework of a research program, it will allow policymakers to assess its merits using the best possible data. The origins of the Foundation’s access bursary lie in the findings of an earlier research program designed to assess the high-need bursary program. As discussed earlier, a shortcoming of that program is that it does not adequately respond to the needs of low-income students. The millennium access bursaries were designed both to complement the earlier bursary program and to collect as much useful information as possible about recipients and their peers to effectively evaluate its outcomes. Funding for all of the Foundation’s programs, including the access bursary, will run out after the 2008–09 academic year. As policymakers discuss how to fill the $350 million yearly gap in grant funding left by the disappearance of the Foundation, it stands to reason that a rigorous evaluation of the access bursary will enhance their decision-making.

For more information, please consult the 2006 Annual Report for the Measuring the Effectiveness of Student Aid Project: www.mesa-project.org or www.millenniumscholarships.ca/en/research/MESA.asp.
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Bibliography


