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Postsecondary Borrowing Patterns and Graduation among Transfer Students in Ontario: The Role of High School Academic Performance

University of Guelph, York University

David Walters, Rob Brown, Gillian Parekh, Dylan Reynolds, & Trisha Einmann

Keywords

transfer students; high school performance; non-traditional PSE pathways; student mobility; student borrowing; student debt; postsecondary graduation

Overview

This study examines the impact of transfer and high school performance on Ontario postsecondary students' graduation rates and student loan borrowing patterns. In fact, it's the first population-based study in Canada to use administrative data linkages to track student debt and the graduation outcomes of transfer students.

The research combines data from the Toronto District School Board's Grade 9 Cohort dataset, Statistics Canada's Postsecondary Student Information System (PSIS), and the Canada Student Loans Program (CSLP). The authors use logistic regression models to assess the impact of student pathways on borrowing patterns and graduation rates.

The regression models are estimated in three stages:

- Model 1 examines the effect of student mobility on borrowing without controls.
- Model 2 includes PSE program and sociodemographic variables, and
- Model 3 adds controls for secondary school performance.

Control variables included sex, age, country of birth, family income, field of study, length of study, Grade 9 English, Grade 9 Math, and Grade 12 average.

Why It Matters

This work suggests that transferring institutions in Ontario is an obstacle to graduating from a post-secondary institution.

In addition, transfer students experience an increased financial burden. While many young people graduate with debt, this financial strain may be disproportionately felt by transfer students who are more likely to borrow and less likely to obtain a postsecondary credential compared to those who choose to remain at the same institution.

Lack of postsecondary education credentials often means poorer access to stable, well-paying jobs and less protection from unemployment and underemployment. As a result, transfer students may be at greater risk of defaulting on their student loans, as well as experiencing delayed life transitions, such as entry into the housing market and starting a family.

Key Findings

The authors find that transfer students are more likely to borrow to fund their postsecondary education than students who remain at the same institution for the duration of their studies; however, they are less likely to graduate from their programs.

Borrowing

The authors found that the probability of taking a government student loan was highest among university-to-university transfer students, suggesting that transferring from one university to another increases the financial burden of post-secondary education compared to students who remain at the same university for the duration of their studies and those who attend college programs.

Students who transferred from university to college also had a comparatively high predicted probability of borrowing, ranging from 0.67 to 0.63 across the models, though the estimates are comparable to those for direct-entry university students.

Overall, students who started their post-secondary program in college were the least likely to borrow.

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Table 1. Predicted Probabilities of Students Borrowing from the Canada Student Loan Program, Ranked Highest to Lowest in Model 3

Transfer Group	Model 1	Model 3
University to university	73%	70%
Direct-entry university	66%	66%
University to college	67%	63%
College to college	63%	58%
Direct-entry college	51%	52%
College to university	61%	46%

The authors also estimated the amount of student debt for each postsecondary pathway. Interestingly, students who transferred from university to university accrued significantly higher debt than direct-entry university students, while direct-entry college students and those who transferred from university to college or college to college borrowed less. In this model, the amount of debt that college-to-university transfers took on was not significantly different than the amount for direct-entry university students.

Table 2: Predicted Amount of Canada Student Loan Debt at End of Study Period by Transfer Group, Ranked Highest to Lowest

Transfer Group	Model 1	Model 3
University to university	$16,600	$17,343
Direct-entry university	$15,800	$16,017
University to college	$9,800	$10,408
College to university	$12,200	$8,113
Direct-entry college	$6,100	$7,045
College to college	$6,300	$4,735

Graduating

Transfer students were less likely to complete their programs than non-transfer students, even when controlling for socio-demographic characteristics, field of study, and length of study. When controlling for high school academic performance, the graduation gap between transfer and non-transfer students shrinks. This finding suggests that high school performance has a major role to play in transfer student outcomes and whether students will be successful. Yet a gap remains, suggesting that transfer is an added barrier for these students.

Table 3: Predicted Probabilities of Student Graduation by Transfer Group, Ranked Lowest to Highest		
Transfer Group	**Model 1**	**Model 3**
College to university	32%	60%
College to college	38%	65%
University to college	52%	69%
University to university	63%	72%
Direct-entry college	64%	77%
Direct-entry university	87%	83%

Further Reading

Pizarro Milian, R., Zarifa, D., & Seward, B. (2021). Paying back student loans: Demographic, human capital and other correlates of default and repayment difficulty. *Higher Education Quarterly*, 75(1), 77–97. https://doi.org/10.1111/hequ.12248

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https://oncat.ca/en/projects/student-loan-outcomes-ontario-transfer-students

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