

# **The Effect of Student Loan Limits on University Enrolments\***

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## **Abstract**

Student loan programs are an important feature of post-secondary education systems around the world. However, there is little direct evidence on whether these programs are effective in increasing enrolments of credit constrained students. Unlike other countries, Canada has a system of student loans and grants that is based on combined provincial/federal jurisdiction, leading to policy differences over time between provinces. I exploit these differences to evaluate the effects of changes in maximum student loan limits on enrolments of young people. I find that although there is evidence that increasing nonrepayable assistance leads to increases in enrolments, loans appear to increase only the probability of youth living away from their parents' house while studying.

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*Key words: Post-Secondary Education, Student Loans; Credit Constraints*

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