

# Student funding: issues for the Commission

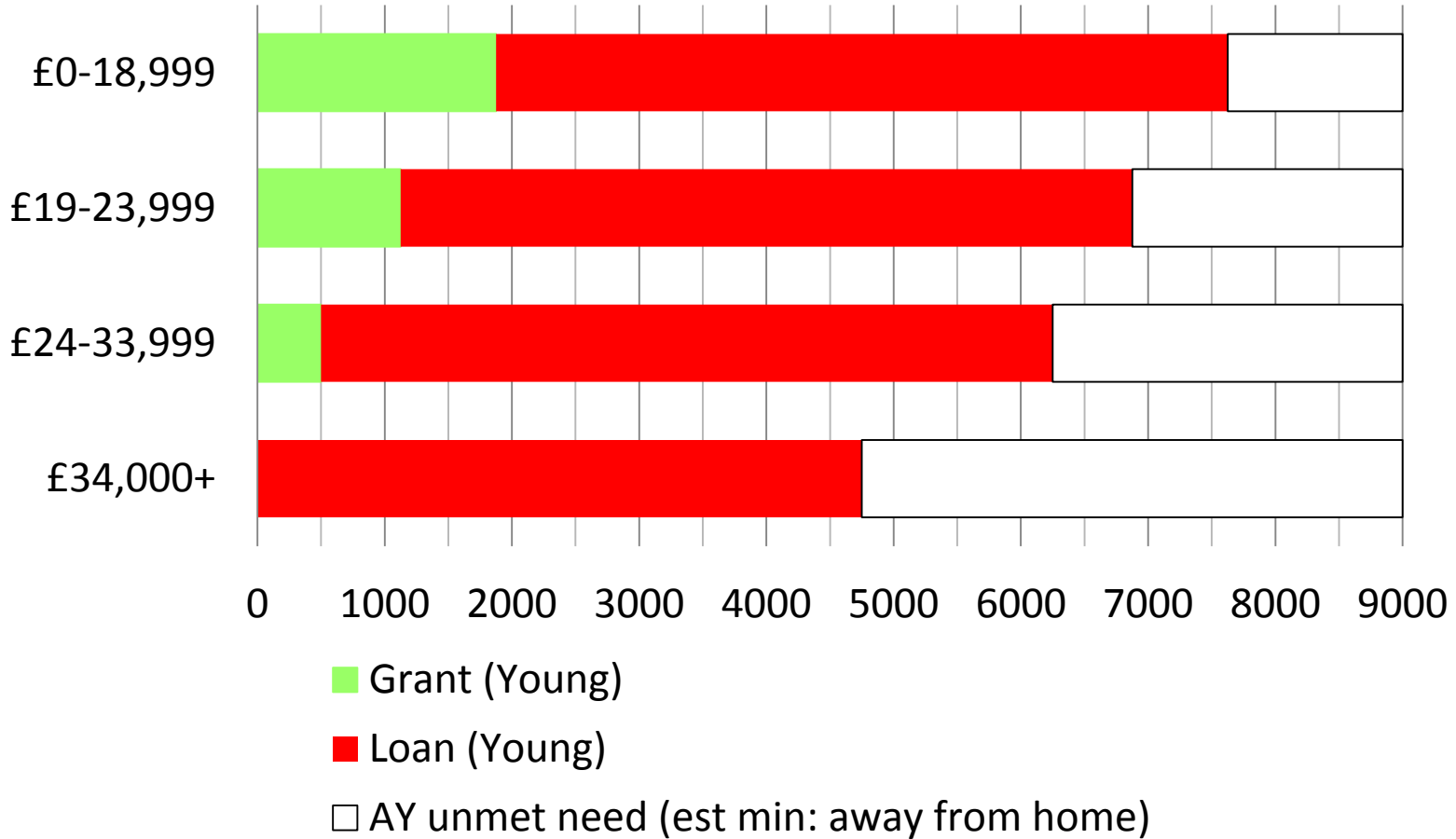
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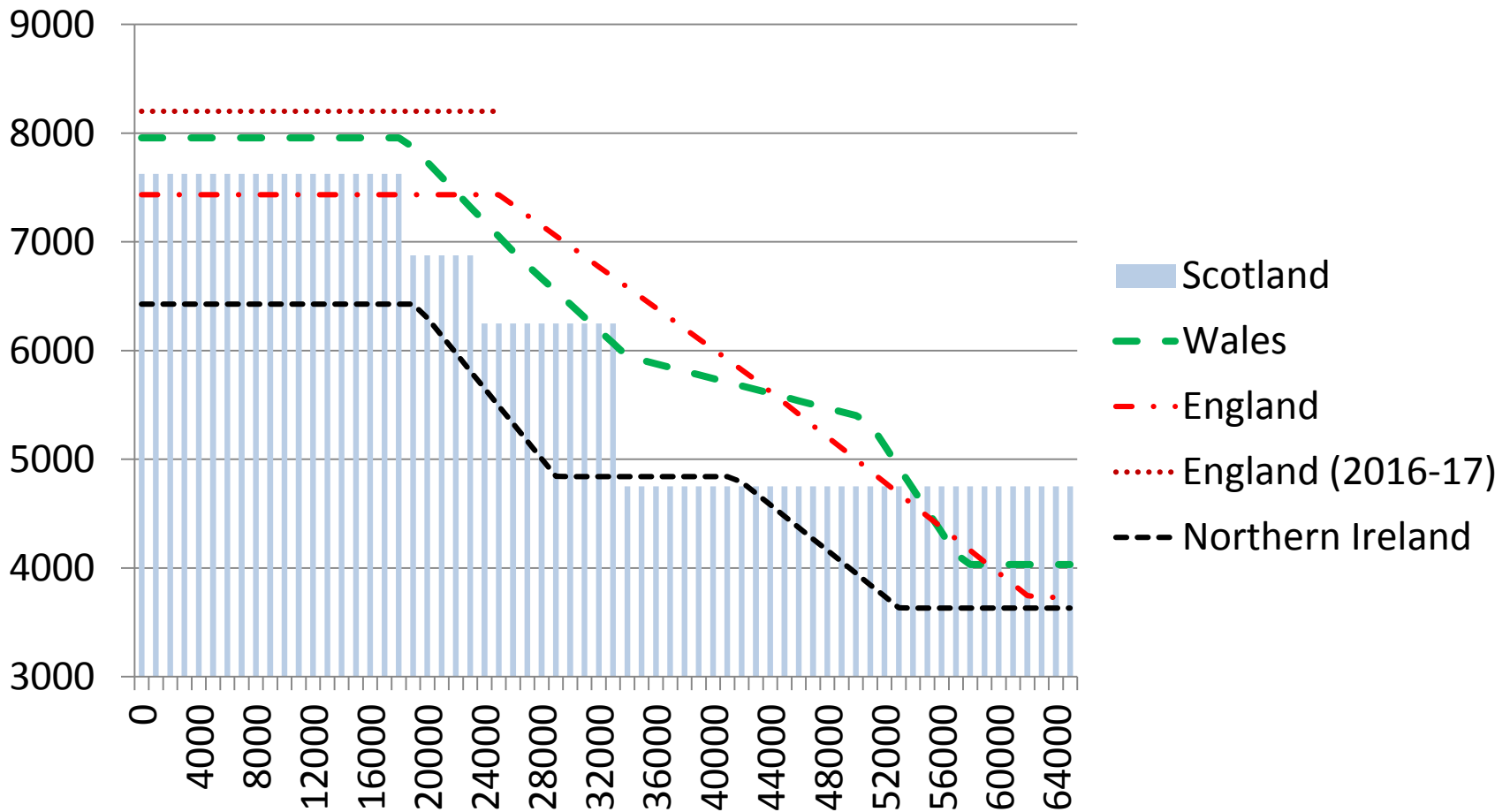
# Student funding and participation

- Uneven effects in sub-groups of the disadvantaged student population (eg from rural areas). Impact may be less on whether students go through the door, but what door they go through and what happens to them after that. Debt aversion conundrum.
- Very limited research. Best recent by Dearden, Wyness et al. Suggests participation rates are influenced by (a) total living cost support and (b) balance between loan and grant in living cost – but generally speaking other factors matter much more.
- What about fees? UK data shows no fee-related pattern for young students. “In OECD countries where students are required to pay tuition fees, and can benefit from public subsidies, there are not lower levels of access to university-level education than the OECD average.” (*Scottish Government, April 2013*)

# “Ability to pay”: an issue for living costs, not fees



# Living costs: UK comparisons – away from home, not London: 2015-16



# Loan-based living cost support: a model rejected by a substantial minority

- After 40% grant cut in 2013, loan accounts for at least three-quarters of living cost support for young students at lower incomes.
- In 2013-14, one in three young students on full grant - 5,845 out of 17,330 - did not borrow enough to get their full support.
- Only 1 in 20 YSB claimants were “partial borrowers”. 8090 YSB claimants out of 23,065 were non-borrowers and self-limited to grant of £1,750/£1000/£500.
- Unlikely so many of poorest young students needed so little: many likely to be struggling as a result of debt aversion (encouraged by political rhetoric?).

# The Student Room (July 2013)

- From the information provided, it is possible to tell that this student lost between £80 and £160 per month as a result of the grant reductions introduced in autumn 2013.



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YES me 😞 i'm getting £100 a month and i spend £14 a day on train fair to uni. So this really sucks I'm not sure if i can afford to go back to uni. 😞 It's not because it's your final year it's because they have simplified the bursary process this year basically everyone whose household income is between something like 17,000 a year and 25,000 a year all get the same amount paid to them. Those under 17,000 get more (can't remember exact figure) and those over 25,000 get less (£50 a month)

# Debt distribution and long-term inequity

- Relying on loan for living costs means Scotland is the only UK nation where system is designed so that those starting from poorest homes end up with the highest debts: £6,750/£5,750 vs £4,750. England will follow suit from 2016. In effect, a regressive graduate tax.
- Effect on paper is magnified in practice, as students from better off homes make less use of loan scheme, especially young students from wealthy urban/suburban areas, eg in 2012-13:
  - £30k+ in Aberdeen: take-up 32% (East Dun 45%, East Ren 46%)
  - <£30k Scottish Borders: 88%
  - Exempt (= mainly mature) West Dunbartonshire: 94%
- Inequality is reinforced down a further generation. Graduates from low-resource backgrounds have less to spend on professional development, childcare, housing, pensions etc.

# Investment choices (1): Net effect of protecting fees but not grants

	Change 2009-10 to 2013-14 (£m: cash terms) SAAS budget only: excludes SFC costs	
Household income	Grants	Fees
Below £30,000 (36% of SAAS supported students)	-39	+2
Over £30,000 (54%)	-7	0
EU domiciled (10%)	0	+4



# Investment choices (2): how spending from the cash budget is prioritised across education and early years

