



Reforming Student Funding in Higher Education: The British Experience

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The Government's Higher education Proposals explained

“At the heart of Government education policies is the belief that people with aspiration and talent, irrespective of background, must have the opportunity to get on in life..... We should not put a cap on ambition. Opportunity must be open to all. ”

Jan 2004

Reforms of student funding

- Have they helped to widen participation?
- Have the costs of HE been distributed fairly and equitably?
- Does student financial support go to those that need it most and is it progressive?

1998 Teaching and Higher Education Act

- introduced flat rate income-tested tuition fees paid up-front (2004=£1,150 - \$2,603);
- abolished grants for living costs, replaced by student loans which were partly means-tested; and
- established a more heavily income contingent loans – repayments collected via pay packet and Tax system.

2004 Higher Education Act

- Non-income tested variable tuition fees, up to £3,000 (\$6,793), repaid after graduation via student loans.
- Income-tested grant up to £2,700 (\$6,112)
- Student loan repayment threshold lifted to £15,000 (\$33,952).
- Debt written off after 25 years
- Office for Fair Access - regulator
- Bursaries

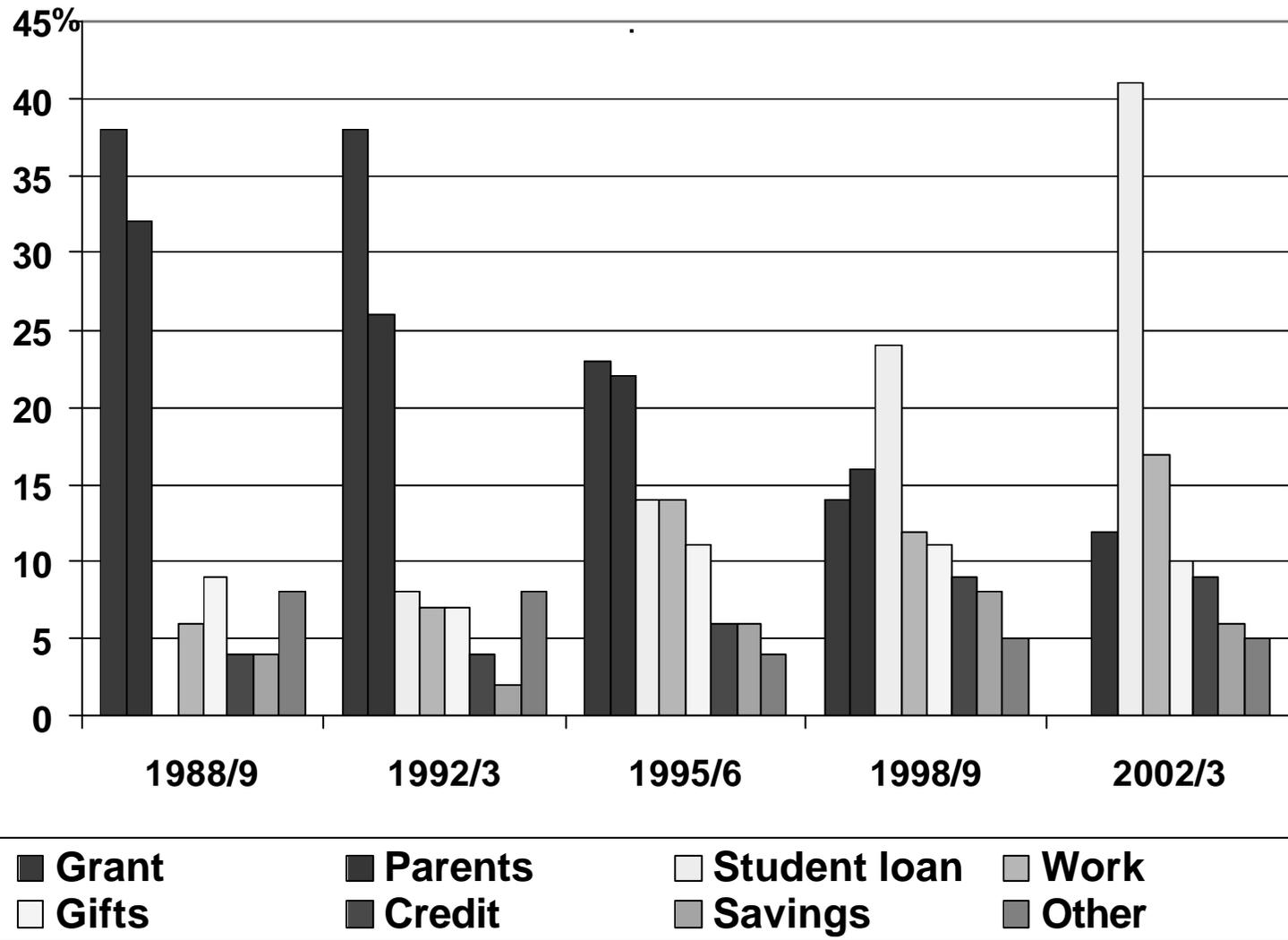
2004 Higher Education Bill

Charles Clarke Sec of State for Education

“The Bill ..guarantees more resources for universities, that will open and strengthen access to universities and that will ensure that people from the poorest communities...get a fair crack in our society”

3rd Reading of Bill, 31 March 2004

Changes in the composition of students' income 1988/9-2002/3



Changes in student debt since 1998/99 - the facts

- Students graduating in 2003 were more likely to be in debt than those who graduated in 1998.
- Students graduating in 2003 were two and half times more in debt than those who graduated in 1998.
- Since 1998/9, commercial borrowing has increased threefold.

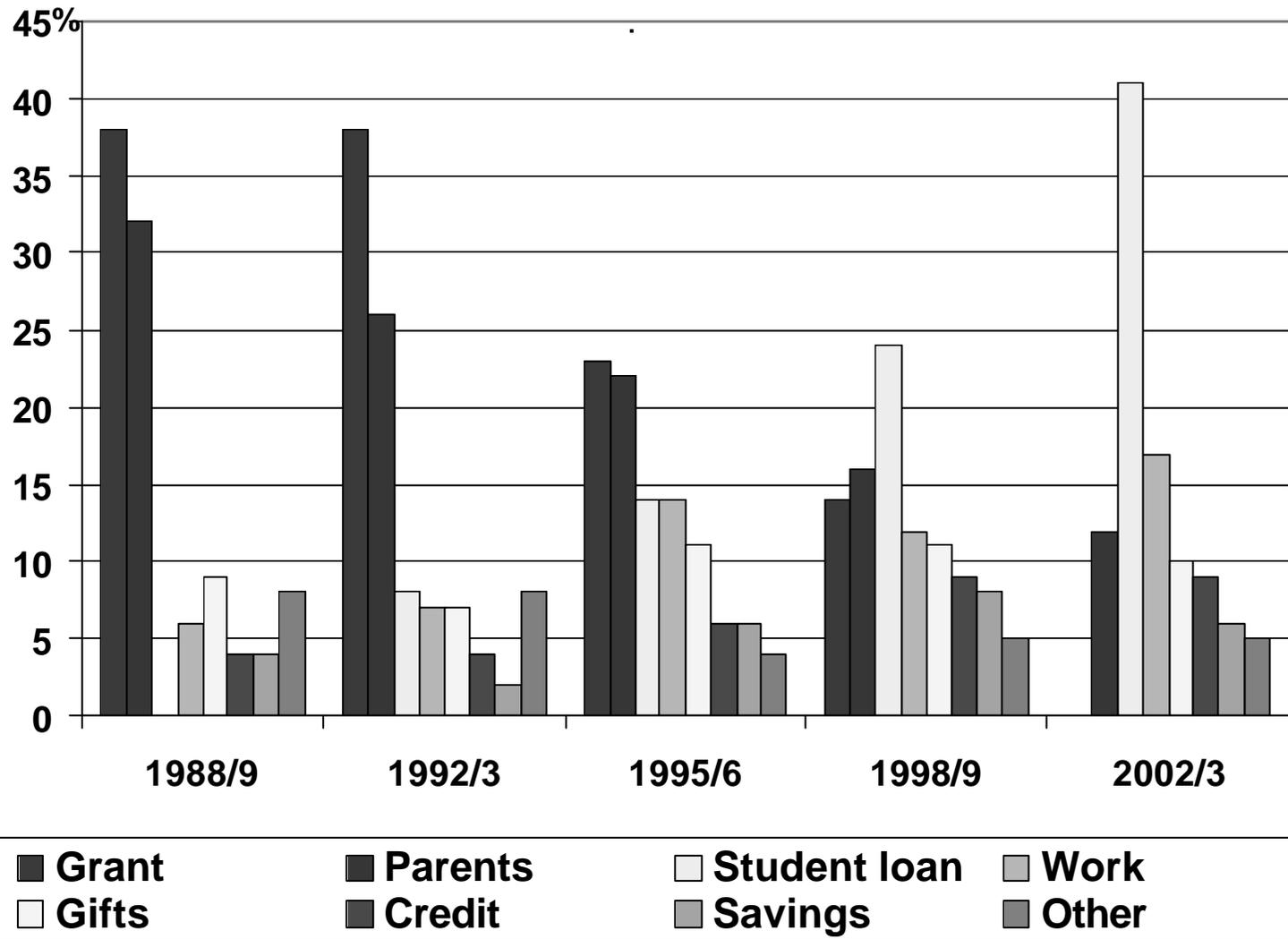
Source: C. Callender and D. Wilkinson (2003) 2002/03 Student Income and Expenditure Survey, Research Report 487, DfES, Nottingham

Debt of students graduating in 2003

- 92% of students anticipate leaving university with debts
- Average debt on leaving university is £8,666 (\$19,980)
- Students who were poor before going to university were more likely to be in debt and to leave with the largest debts
- Poor students' average debt was £9,708 (\$22,382) and half had debts over £10,392 (\$23,958)
- Poor students had 43% higher debts on graduation than wealthier students

Source :C. Callender and D. Wilkinson (2003) 2002/03 Student Income and Expenditure Survey, Research Report 487, DfES, Nottingham

Changes in the composition of students' income 1988/9-2002/3



Student hardship - the facts

- Since 1998/9, students' expenditure has risen twice as fast as their income.
- In 2002/3, 43 per cent of students had, what the government defines as poverty incomes.
- Twice as many students were at risk of poverty incomes as similar households in the general population.
- Those most at risk came from the poorest families.

Source: C. Callender and D. Wilkinson (2003) 2002/03 Student Income and Expenditure Survey, Research Report 487, DfES, Nottingham

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