Preferred option for the future funding of higher education
Proposal

- In response to S.R. 2/2017 (Tertiary Education: Student Finance) the Minister for Treasury & Resources and the Education Minister intend to undertake a final public consultation on the preferred solution for the future funding of student finance.

- The solution is made up of two core components:
  
  1. A grant for tuition fees for eligible students (undergraduates, first degree only)
     a) For families with household income of less than £150,000 this will cover the full cost of tuition fees*
     b) For families with household income of £150,000 and above this will cover 50% of the full cost of tuition fees
  2. An improved means tested maintenance grant to contribute towards living expenses

- Complete removal of the Higher Child Allowance (“HRA”) from the tax system will form part of the solution. This is required to assist with the funding of the grants.

- The Annual Education Department budget is £10.5 million, removal of HRA will provide an additional £3.5 million from 2021 onwards.

*Depending on the location of the higher education venue the cost will be capped at the full cost of the tuition fees or the maximum standard UK tuition fee, if that is higher
Drivers and objectives

The solution benefits the public by:

• Providing access to a grant to contribute towards tuition fees for all eligible students, capped at the UK standard course rate*. Additional funding for medical courses will still be available
• Providing greater access to a grant to contribute towards maintenance costs
• Students will more easily be able to calculate their grant entitlement
• The new tuition fee grant will be phased in to ensure changes to taxation relief are directly balanced with the increase in benefits for students or families so that no-one is disadvantaged by the change

The solution meets the Education Department’s strategic objectives for higher education by:

• Supporting young people to acquire the qualifications required to provide a highly skilled workforce for Jersey’s economy
• Reversing the decline in the numbers of Jersey students attending university at a time when the demand for a graduate workforce is greater than ever
• Enhancing the ability of the Island to meet the economic and social challenges it faces now and in the future

*Currently frozen at £9,250 for September 2018 and under review by the UK Government
Proposal at a high level - summary

TUITION FEES

• 100% of tuition fees will be paid for all eligible students, up to the maximum cost of a standard UK degree* if your household income is up to £150,000.

• 50% of tuition fees will be paid for all eligible students, up to the maximum cost of a standard UK degree* if your household income is £150,000 and above.

MAINTENANCE GRANT

• The existing maintenance grant system for living expenses will continue

• The maximum maintenance grant will be increased by £500 to £6,500.

• The maximum eligibility limit will be increased to household income of £95,000 per annum.

• A simplified maintenance grant system will be brought in to help students easily identify their grant entitlement (see chart)

HIGHER RATE ALLOWANCE

• The 2019 Budget will announce the removal of the Higher Rate Allowance (“HRA”) to provide additional funding for the new grant system.

• The HRA is estimated to provide an additional £3,500,000 of funding from 2021 onwards.

• Transitional arrangements will be put in place whilst the HRA is phased out, grant support will be reduced at an equivalent level to the tax relief received.

*Additional funding may be available for medical courses
Proposal at a high level – public benefits

TUITION FEES
• The new system provides greater access to a grant for tuition fees for all students

MAINTENANCE GRANT
• Eligibility for the new maintenance grant is extended to students in households with income up to £95,000

HIGHER RATE ALLOWANCE
• Removal of the HRA still means that households will be better off under the new grant system

Example showing the increase in support for a student attending UK university using standard 2018 tuition fee levels