

**REPORT FOR THE COUNCIL OF MINISTERS**

---

**Subject:** The Minister of Education, Sport and Culture's proposals for financial support for students in Higher Education

**Date** 11th December 2006

**Author:** David Greenwood, Assistant Director (Culture and Lifelong Learning)

---

**1. INTRODUCTION**

1.1 In 2005 the student grants budget held by the Department for Education, Sport and Culture (DfESC) was £8.9 million. Despite this, the expenditure was approximately £10 million due to increased student numbers and increased tuition fees in UK universities. It was a cash-limited budget which took no account of fluctuations in student numbers. In 2006 the introduction by the UK government of additional 'top-up' fees made the situation much worse.

1.2 The student grants budget is used in a variety of ways to support students but the bulk of expenditure goes to support undergraduates. In light of the 2005 overspend, the Minister for Education Sport and Culture (ESC) made an interim adjustment to the support offered to undergraduates and their families for 2006 and he instigated a review of student finance which included a process of public consultation to address the problem for future years. This paper has been prepared to inform students, parent and the general public of:

- the outcomes of the consultation processes undertaken by the Minister and other organisations regarding options for supporting students in higher education;
- the options for the reform of student finance considered by the Minister and the Council of Ministers in light of review and consultation outcomes;
- further research into the possibility of developing a scheme of student loans;
- the schemes considered by the Minister and Council of Ministers and;
- the Minister's proposal on this matter.

1.3 It has been prepared in the light of:

- the need to ensure that all those who can benefit from higher education are able to do so – whether that be in-Island, Off-Island or through distance learning;

- the need to offer certainty to parents and students with regard to the situation for September 2007;
- the increasing cost of UK university tuition;
- a need to develop clear and robust arrangements which will take account of likely changes within the UK HE sector during the next ten years
- an appreciation of financial constraints within the States of Jersey;
- an appreciation of the significant cost to parents of the current arrangements and the likely additional costs which they may face if the current system of student finance were to be maintained;
- the outcomes of the consultation processes mentioned above.

1.4 In publishing this paper the Minister is mindful that Higher Education curriculum, structure and funding is going through a period of rapid change in the UK and therefore Jersey must keep a close eye on developments and be ready to respond quickly and effectively to change. In this sense therefore, the proposals contained in this paper offer an interim solution. The longer term objective of the Minister and the Council of Ministers is to minimise the pressures on parents and students and to this end the Council of Ministers will be exploring a range of options to achieve this objective. This will include an examination of the opportunities to share the burden with local business.

1.5 Having published this document the Minister would welcome feedback to his proposal for undergraduate support. Members of the public are invited therefore to respond to his proposal by letter to Penny Norman at the Education, Sport and Culture Department Highlands Campus PO Box 142 or by email to [P.Norman@gov.je](mailto:P.Norman@gov.je) no later than Friday 26<sup>th</sup> January 2007.

## **2. EXECUTIVE SUMMARY**

2.1 Faced with increasing cost pressures on the student grants budget and uncertainty about UK Government intentions for the future funding of higher education. The Minister for ESC made interim adjustments to the scheme of grant aid for students wishing to follow courses of higher education for the academic year 2006. The adjustments were made in order to contain States expenditure and provide time for consultation during 2006 on this issue.

2.2 A consultation report was prepared and published in June 2006 and two forms of consultation were undertaken:

- Firstly, members of the public were invited to attend one of two public meetings at which they could express their views on four possible options for development. They were also invited to suggest alternative or additional ideas for consideration.
- Secondly, members of the public were invited to respond in writing to the consultation document.

2.3 An additional independent on-line survey on the matter was undertaken by a University Funding Advisory Group recently formed by parents and other

concerned individuals. The outcomes of these three consultative approaches are provided in section 4 of this report and in more detail in Appendices 1 & 2.

- 2.4 The current formula for determining the funding a UK university receives from Islands' students is driven by UK tuition fee settlements which are usually published in February or March each year. Until the publication of this information the actual costs of Island tuition fees have to be estimated. The figures used in this report therefore will be subject to adjustment in 2007 to reflect the UK funding settlement.
- 2.5 Having considered the outcomes of the consultation processes the Minister, with the support of the Council of Ministers, proposes the introduction of a new scheme of undergraduate student financial support which will maintain access to higher education for anyone who can benefit from it and at the same time will offer support to parents through the introduction of a 'third contributor' to costs. That third contributor will be the 'student' who will have access to a scheme of loans which will enable him or her to defer repayment until the chosen course of study has been completed.
- 2.6 The essential features of the proposed scheme, described as scheme 1A in section 7 and appendices 3 and 4 of this report, are:
- the States will continue to provide financial assistance towards tuition and maintenance costs on a means tested basis;
  - the highest level of maintenance to low income families (with incomes of less than £26,750) will be maintained at £5000 pa (similar to current arrangements).
  - parents whose income is in excess of £51,440 will receive no support towards maintenance and will be required to make contributions to the tuition fees;
  - the cap on parental contribution to fees will be removed so that parents whose income is in excess of £76,132 with children studying high cost courses will be required to make a contribution to the actual cost of the course being followed. This contribution would be based on a sliding scale according to their income;
  - In instances where students are following the longest and highest cost band A courses (i.e. clinical years of medicine or veterinary programmes) the maximum contribution payable by families to the cost of tuition will be capped at the same level as the contribution required for the non-clinical years (expected to be £13,530);
  - top-up fee charges (£1,350) will be met by the student or his or her family;
  - a student loans facility providing loans of up to £1500 per year will be introduced. This will ensure that all students have access to the necessary funds to meet top-up charges if they require them.
- 2.7 The Minister believes that his proposal offers the best solution to a very difficult and complex problem in that:

- it seeks to maintain the current States investment in higher education rather than reduce it, sending a clear message that higher education is important to the Island and its economy;
- it continues to provide assistance to low income families ensuring that all who can benefit from higher education have the opportunity to participate in it regardless of the cost of the chosen subject;
- it introduces a ‘third partner’ contributor (the student through student loans) to spread the burden of cost;
- it aligns the introduction of student loans with the additional costs that were imposed on Jersey by UK universities (additional top-up fees)
- it does not lead to high levels of graduate debt.
- It offers additional support to families making the greatest financial contribution over the longest period of time by containing the clinical years’ costs for medicine and veterinarian courses at the non-clinical years rates.
- It contributes to the achievement of the States of Jersey strategic plan by ensuring that the skills knowledge experience and attitudes required of our people will continue to be developed through access to higher education.

2.8 In addition to the above proposal the Minister has considered several other issues relating to the ways in which student financial support is administered and directed. His decisions on these other issues are given in section 9 of this report.

### **3. BACKGROUND**

3.1 Jersey is a highly successful independently-minded, self-sufficient community, an advanced democracy which has thrived despite strong competition and the lack of any substantial manufacturing industry. Our quality of life has been maintained and improved thanks to the skill, creativity and motivation of our people.

3.2 The States Strategic Plan 2006 – 2011 seeks to build on Jersey’s success by committing to:

- *maintaining a strong, successful and environmentally sustainable economy;*
- *creating the environment in which everyone in Jersey has the opportunity to enjoy a good quality of life;*
- *promoting a safe, just and equitable society;*
- *maintaining and enhancing the natural and built environment;*
- *creating a strong, recognised identity for Jersey and promoting a real sense of belonging;*
- *ensuring that States services are necessary, of high quality and efficiently run.*

*(States Strategic Plan 2006 - 2011)*

3.3 Within this context the Department for Education Sport and Culture (DfESC) is committed to work with other States departments, other organisations, students and parents to assist the achievement of full employment and economic growth, through the development of a skilled, motivated and qualified local workforce able to meet the Island’s economic and social objectives. It does this by:

- securing access to high quality learning opportunities;
  - assisting in the diversification of the economy;
  - encouraging an active programme of cultural development; and
  - assisting in the development of a strong sense of citizenship and community.
- 3.4 Higher Education nurtures and develops the skills, the creativity and the technical knowledge which Jersey requires to achieve its vision for the future and so access to higher education for all who can benefit from it, is of necessity, a major building block of economic and social success. Jersey is a graduate-hungry island with relatively few graduates in its adult population. The 2001 census suggests that only 11% of Island residents are graduates whereas 16% is the average in the UK. In some of the more successful towns of the south coast the average is more likely to be above 20%.
- 3.5 In recent years a higher proportion of local young people have gained admission to UK universities. Currently about 44% of Island young people enter higher education compared with 34.5% in the UK but the Island cannot afford to be complacent. Most developed and developing states recognise the link between higher education and economic success and as a result they are seeking to increase participation rates beyond the current Jersey figure. The UK target is 50%.
- 3.6 Higher education is expensive however, particularly for Island students who generally do not have the option of remaining at home and attending a course at a local university. In addition to the £10 million spent by the States in 2005 it is also estimated that, parents contributed an additional £7 million at least.
- 3.7 By 2009, without further changes to the scheme of grant aid, increased tuition costs and rising students numbers, are predicted to increase the cost to the Island to £20 million overall – with the States contribution rising to £13 million.
- 3.8 The student grants budget is used to support:
- i. undergraduate students attending courses of higher education in the UK and some postgraduate students who continue to be funded as undergraduates while following courses of study leading to qualifications which are a requirement of the profession they wish to enter (e.g. Postgraduate Certificate in Education [PGCE] for teachers). This accounts for approximately 90% of all expenditure from this budget;
  - ii. students following undergraduate courses of higher education within the Island
  - iii. parents of students on low income who choose to remain in full-time education beyond 16 years of age (Education Support Allowances ESAs)
  - iv. students over the age of 18 returning to courses of full-time study in further education
  - v. postgraduate students undertaking higher degrees through Jersey Scholarships or bursaries.

vi. aspects of study for students on low income undertaking courses of distance learning through the Open University

3.9 In discussion with officers from the Social Security Department it is envisaged that responsibility for the support of parents of post 16 students and mature students following courses of further education at Highlands College (iii & iv above) will transfer to SSD within its general arrangements for low income support. New arrangements for the support of postgraduate students and distance learning students (v & vi above) are suggested later in this report but the bulk of expenditure (almost £9 million of the £10 million spent in 2005) related to support for undergraduate students on and off-Island (i & ii above). It is this area of activity which accounts for the greatest pressure on the existing budget so the following sections of this report concentrate on this aspect of expenditure and support.

3.10 The table below illustrates the effect of increased student numbers on costs to the States for undergraduates. It is based on the current scheme of grant aid and existing costs, disregarding all other pressures on the budget. It illustrates the size of the problem faced by DfESC which is currently subject to a strict cash-limited budget. Student numbers are not expected to fall below 1,400 until after 2015.

**Table 1** Predicted Student Numbers and Costs (excluding educational allowances, grants for further education at Highlands College and postgraduate higher degrees)

| Year            | 2004      | 2005      | 2006      | 2007      | 2008      | 2009       | 2010       | 2011       |
|-----------------|-----------|-----------|-----------|-----------|-----------|------------|------------|------------|
| Student numbers | 1,224     | 1,260     | 1,354     | 1,355     | 1,400     | 1,450      | 1,450      | 1,425      |
| Cost to DfESC   | 8,330,000 | 8,995,000 | 9,666,000 | 9,673,000 | 9,994,000 | 10,351,000 | 10,351,000 | 10,173,000 |

In addition to increased numbers of participants, the undergraduate element of the student grants budget also comes under pressure from increasing tuition fees.

3.11 Tuition fees are 'banded' according to the type of course followed. In 2005/6 a classroom based course cost £4,817 whereas the clinical component of a course in medicine cost £19,267. The fee levels are determined by a formula collectively negotiated and agreed by Jersey, Guernsey and the Isle of Man (the Inter Insular Authorities [IIA]) with the UK universities representative body (Universities UK). The formula seeks to create parity between the funding a UK university would receive for an Island student and that which it would receive for a UK student attending an identical course. The level of grant provided to English universities from the Higher Education Funding Council (England) (HEFCE) is a key component of the negotiated formula between UUK and the Islands Authorities. The agreed fee structure is known as the 'Islands Fees Rate'. The level of support for universities from HEFCE is usually announced in February each year. At this stage therefore the funding settlement and its effect on costs to the Islands is not known. Generally speaking tuition fees rise with UK inflation but in some years (2005 and 2006 for example) the UK government provided additional funding to universities or adjusted the bands. This resulted in fee increases for the Islands in excess of the UK inflation figure.

- 3.12 A recent UK Government announcement suggested that, with effect from September 2007, students from British ‘Overseas Territories’ will be regarded as ‘home students’ and therefore will be charged the same fees as UK residents. Jersey Guernsey and the Isle of Man are excluded from this initiative however, because constitutionally the Islands are ‘Crown Dependencies’ not ‘Overseas Territories’. This matter is being taken up by Islands’ authorities at the highest level. For the moment however, it is prudent to assume that students from the three Islands will continue to be regarded as ‘Island’ rather than ‘home’ students.
- 3.13 In 1992 the UK government increased funding to UK universities by enabling them to charge a flat rate of £1,200 per student in addition to tuition fees. With effect from September 2006 the UK Government, seeking to create a marketplace in higher education, partially deregulated the university sector by giving universities greater discretion to increase these fees by up to £1,800. In Jersey the initial fee increase of £1,200 was absorbed into the general arrangements for supporting students through grant aid by the Education Committee of the day. With regard to the 2006 increase (known as top-up fees) however, the Inter-Island Authorities negotiated a reduced top-up fee for Island students (£1,350) and the Minister for ESC agreed to absorb this additional cost within the general arrangements for grant aid for 2006/7 only, pending the outcome of this review.
- 3.14 For Jersey, by 2009, when this fee will be applied to all students, the estimated additional cost per year will be in the region of £2.25 million. The following table illustrates the cost of increasing student number and the cost of top-up fees (at current levels) if they were to be met by the States.

**Table 2** The effect of increased student numbers and top-up fees on expenditure – if costs were to be met by the States

| Year       | 2004      | 2005      | 2006      | 2007       | 2008       | 2009       | 2010       | 2011       |
|------------|-----------|-----------|-----------|------------|------------|------------|------------|------------|
| Cost       | 8,330,000 | 8,995,000 | 9,666,000 | 9,673,000  | 9,994,000  | 10,351,000 | 10,351,000 | 10,173,000 |
| Top-up fee |           |           | 246,000   | 984,000    | 1,722,000  | 2,214,000  | 2,225,000  | 2,225,000  |
| Total      | 8,330,000 | 8,995,000 | 9,912,000 | 10,657,000 | 11,716,000 | 12,565,000 | 12,576,000 | 12,398,000 |

- 3.15 Tables 1 and 2 above illustrate the financial effects of the current agreement on tuition fees between the Islands and UUK. The agreement between the Islands and UUK terminates at the end of 2008 however, so by 2009 or 2010 it is possible that the UK government may take further steps to deregulate university fees and allow universities to increase their fees significantly above present levels. Current estimates are that UK fees will probably increase to somewhere between £5,000 and £7,000 in 2009.
- 3.16 At this time, it is also likely that the Islands’ ability to negotiate a single national fee structure for all universities will diminish and disappear as funding arrangements in Wales and Scotland become increasingly different to those applying to English universities and as universities in general gain greater control over the level of fees they set.
- 3.17 It is clear that without a significant change to the way local students are supported through higher education now, the increased cost to the States and on parents will be significant. It is also clear that no new scheme of financial

support to students will work unless Jersey can maintain a fair fee agreement either through a new national agreement with UUK or, more likely, with a smaller group of well respected universities which can offer a broad range of courses to our students. Work on this has already been commenced.

- 3.18 To date, the costs of higher education, tuition fees (including top up fees), and student 'maintenance' costs such as travel to and from university, books, materials and equipment, food, accommodation, living costs and costs related to social activities, have been met through a funding partnership between parents and the States.
- 3.19 Under the present arrangements the size of contribution from each of the partners is determined by adding tuition costs to an estimate of travel and maintenance costs and then considering the contribution to be made by parents according to their gross income. In all cases however, until 2006, the family contribution was always calculated against the 'lowest cost course'. Very high income parents therefore, contributed no more than middle income parents even if their children were following more expensive courses in medicine or engineering which can cost up to £20,000 per year for tuition. In effect, from the parent and student point of view, the real cost of higher education has been hidden and the scheme of grant aid, as it has operated, has encouraged parents to ask '*How much will we have to pay?*' rather than '*How much will the States contribute?*'
- 3.20 It could also be argued that the current scheme is flawed in that it makes assumptions with regard to the level of maintenance funding which a student requires. In reality, the geographical location of the university, the type of accommodation chosen by the student and his or her 'lifestyle' can have significant implications for maintenance costs. It is generally felt that parents contribute much more to a student's living and travel expenses than that which is expected of them by the DfESC.
- 3.21 Where family income was less than £26,750 pa, the total cost of the student requirement, maintenance and tuition, was met by the States. Families earning more than £26,750 were required to contribute towards costs according to their means. Families earning more than £76,000 made the maximum contribution of about £10,000 (calculated as the recommended maintenance allowance added to a contribution to tuition cost pegged at the lowest cost course regardless of the actual course being undertaken). A family with an income in excess of £150,000 contributed no more than a family earning £76,000 even if the course costs were higher.
- 3.22 In response to the £1.1 million States overspend on the student grants budget in 2005, for 2006 an interim adjustment was made to contain States expenditure by increasing means tested parental contributions to £11,711 for families earning in excess of £76,000 pa whose children were following higher cost courses. It was also agreed by the Council of Ministers that for 2006 only, the newly imposed additional top-up fee charge £1,350 per student would be met by the States.

#### **4. THE OUTCOMES OF THE CONSULTATION PROCESSES**

- 4.1 In developing proposals for a new approach to student financial support, the Minister for ESC held two consultation workshops and invited written responses from the general public on four broad options which were outlined in a consultation document published in June 2006.



4.2 The options were:

- 1) maintaining the present system by increased States investment;
- 2) containing States investment on undergraduates at the current rate (£10 million) and increasing parental contribution to meet the shortfall (effectively increasing parental contribution from £7 million currently to £10 million by 2009);
- 3) operating within the original £8.9 million budget by restricting access to higher education, either demanding higher entry qualifications or restricting the types of courses which would attract funding;
- 4) sharing the burden of cost by introducing a third partner (a student loans facility).

4.3 Additionally a separate public survey on this matter was undertaken by a University Funding Advisory Group recently formed by parents and other concerned individuals. The outcomes of these three consultative approaches are provided below and in more detail in Appendices 1 & 2.

4.4 During the workshops, participants were asked to rank order the options put to them, on a scale of 4 to 1. four points, being awarded to the option they preferred, one point to the least.

4.5 Of 84 people who completed questionnaires 67 placed option 1 (increased States spending) as their top choice. Fourteen placed Option 4 (student loans) as their most preferred option.

4.6 Overall scores in preferential order were:

- Option 1. (increased States spending) 309 points ( average mark 3.68)
- Option 4 (student loans) 231.5 points (average mark 2.76)
- Option 2 (increased parental contribution) 183.5 points (average mark 2.18)
- Option 3 (restrict student numbers) 110 points (average mark 1.31)

4.7 The written consultation enabled respondents to comment at length on the options and other issues within the consultation document. It provided an opportunity for individuals and organisations to provide more complex responses often with caveats, qualifications and limitations to the extent to which they would support a particular option or idea. The outcomes therefore require more careful consideration than the following table would suggest.

**Table 3** Outcomes of the written consultation

| <b>OPTION</b>                        | <b>Outcome</b> |
|--------------------------------------|----------------|
| 1. (increased States spending)       | 58% for        |
| 2. (increased parental contribution) | 69% for        |
| 3. (restrict student numbers)        | 62% against    |
| 4. (student loans)                   | 79% for        |

4.8 For 58% of respondents to the written consultation Option 1 (maintaining the current system through increased states spending) was the preferred option. Forty two percent however, opposed this view. With regard to Option 2

(increasing parental contribution) 69% were in favour but there were significant variations regarding how this might be achieved. The main concerns were that the lower and middle income families should be 'protected' from fee increases in some way. Some suggested that this should be achieved by removing the upper limit on parental contribution so that high earning families paid more towards the actual cost of university courses. Others suggested that a more complex scheme of grant aid should be introduced which took account of 'disposable' income rather than gross income. Option 3 (restricting student numbers) was rejected by 62% of respondents, Option 4 (the introduction of student loans) was supported by 79% of respondents but there was no consensus about the size of loan, the repayment period and the level of student debt which might be tolerable. Some respondents suggested that the scheme of loans should be developed only as a 'last resort', that it should be administered and underwritten by the States and that repayments should be earnings contingent. Appendix 1 provides more detail.

- 4.9 The results of the survey undertaken by the University Funding Action Group (UFAG) co-ordinated by Dr Nigel Minihane are provided in Appendix 2.
- 4.10 Whilst there was a clear wish from the public to increase States expenditure to maintain access to higher education without adding to the financial burden of students or their families, there was also significant understanding of the medium and longer term issues and an acceptance that a new scheme, possibly including a 'student loan element', may be unavoidable partly to meet the current additional financial pressure which the current level of top-up fees has created but also to ensure that in the longer term, a facility exists to support students at a time when the costs of higher education may be beyond the ability of the States and parents to pay.

## **5. THE MINISTER'S RESPONSE TO THE OUTCOMES OF CONSULTATION**

- 5.1 Whilst recognising that many respondents expressed a wish to maintain the current scheme of grant aid, the Minister accepts that changes to the current scheme are required. The Minister's response to the four options put to consultation is as follows:

### **Option 1: Increasing States spending**

- 5.2 The Minister does not support this option because it would:
- negate the States decision to cap overall spending;
  - lead to increased taxation if met from outside agreed spending limits;
  - lead to significant increased States expenditure rising to an estimated £13 million by 2009;
  - place unacceptable pressure on the DfESC budget if the States determined that the additional funding should be found within the DfESC resources;
  - be an expensive short term solution.

- 5.3 The Minister and the Council of Ministers have agreed that increasing States funding to maintain the current scheme would, at best, only create a short-term solution to the problem. It would not in itself address the medium and longer term problems facing the Island arising from the emergence of a deregulated university sector and the Island's inability to maintain an agreed rate of tuition fees with the majority of UK universities. A new approach is required.

**Option 2: Increasing parental contributions**

- 5.4 As above, The Minister in consultation with the Council of Ministers has rejected Option 2, which would simply pass on additional costs to parents, at a time when:

- low and middle income families are already experiencing difficulties in meeting costs;
- changes to the tax regime in the near future may have a significant impact on parents' disposable incomes.

**Option 3: Restricting student numbers**

- 5.5 The Minister and Council of Ministers support the majority view of respondents to the consultation that restricting student numbers through limiting course options is unacceptable because:

- Jersey needs more graduates not fewer;
- university courses are generally of three or four years duration. The choice of subject at university is often governed by A level results and the choice of A level is frequently determined by GCSE results. In effect there is a seven or eight year 'lead time' in Education. A decision regarding which subjects will be of importance to the Island so far ahead is fraught with dangers;
- this option would be ineffective in containing costs as it is likely that students would simply change their chosen course to one which was on the 'approved' list.

- 5.6 Likewise the option of restricting participation through more demanding entry requirements is also discounted. The DfESC already requires applicants to have attained the equivalent of two 'A' level passes for most subjects and universities generally require much more. Jersey's students perform extremely well at 'A' level and other level 3 examinations. The bar would have to be raised significantly in order to have a noticeable impact on student numbers.

**Option 4: sharing the burden of cost by introducing a third partner**

- 5.7 The Minister and Council of Ministers, mindful of the rising cost of higher education, support the inclusion of a third party to contribute towards costs and they consider that the new contributor should be the student who is one of the prime beneficiaries of higher education.

- 5.8 The Minister has accepted that despite concerns about the size of student and graduate debt, repayment periods, and interest rates, the arguments made in favour of the introduction of a scheme of student loans are compelling.
- 5.9 A well researched and developed scheme of Student loans will:
- broaden the base of contribution towards the cost of higher education by introducing a third contributory element – the student, who is the ultimate beneficiary of the investment in his or her education;
  - place greater responsibility on the student to consider the ‘value’ of his or her chosen course of study;
  - assist families in making arrangements for the financial support of students during their study years;
  - offer a support facility for future years if students chose to attend universities which position themselves outside any fee structure which might be agreed between the Islands and a representative group of universities.
- 5.10 In considering the introduction of a scheme of student loans however, the Minister has insisted that the scheme:
- should not be introduced as a means of reducing States expenditure on this aspect of education
  - should be viewed as a helpful facility for students and their families to enable all young people to benefit from Higher education.
- 5.11 In view of the above, the Minister commissioned further research into possible schemes of student loans. Outcomes of that research are detailed in the following section of this report.

## **6. FURTHER RESEARCH INTO THE DEVELOPMENT OF A SCHEME OF STUDENT LOANS**

- 6.1 In late 2005, the Island Authorities were informed by the Department for Education and Skills in the UK that it would not support the inclusion of the UK based Student Loans Company’s involvement in the administration of a scheme of loans for Islands’ students.
- 6.2 In light of this, more recent informal discussions with the Jersey Bankers Association have centred on the development of a partnership scheme with local clearing banks in which the loan is made to the student by the bank at a preferential rate of interest, (1% or 2% above base) supported by a States guarantee for lower income and high risk applicants. The banks have indicated a willingness to work with the States towards the development of such a scheme and believe it can be achieved.
- 6.3 On that basis, two loan options are described below. One offering students a loan of up to £1,500 per year, the other is based on a maximum loan of £6,000 per year.

**Table 4** Loan options

| <b>Loan Amount</b>   | <b>£1,500 per annum</b> | <b>OR</b> | <b>£6,000 per annum</b> |
|----------------------|-------------------------|-----------|-------------------------|
| Repayment Period     | 7 years                 |           | 7 years                 |
| Students Taking Loan | 400 per annum           |           | 400 per annum           |
| Interest Rate        | 6%                      |           | 6%                      |
| Grace Period         | 12 months               |           | 12 months               |
| Default After        | 6 months                |           | 6 months                |

- 6.4 Loans are not a 'no-cost' option for the States as guarantees will have to be provided to the participating banks. The cost to the States of Jersey would consist of the cost in write-offs due to death, disability or defaults. (NB *it may be possible to insure against the cost of meeting defaults which could lower the States' commitment and provide greater certainty of funding requirements. This possibility is currently being investigated*). A simulation of the loan schemes detailed in the above table, estimates that with 30% of graduates going into arrears (and 50% of those eventually defaulting) the potential cost to the States of Jersey would be as follows:

**Table 5** Cost of securing loan facilities for all students

|                        | <b>Loan of £1,500 per annum</b> | <b>OR</b> | <b>Loan of £6,000 per annum</b> |
|------------------------|---------------------------------|-----------|---------------------------------|
| Write-offs best case:  | £140,000 p.a.                   |           | £550,000 p.a.                   |
| Write-offs worst case: | £305,000 p.a.                   |           | £1,220,000 p.a.                 |
| Peak outstanding debt: | £5,300,000                      |           | £21,100,000                     |

- 6.5 The best case represents the approximate cost that would be incurred each year if the States of Jersey guaranteed one third of graduates. The worst case represents the cost that would be incurred if all defaulting graduates were guaranteed by the States of Jersey. With repayment periods of 10 years the position would be as follows:

**Table 6** Ten year repayment periods

|                        | <b>Loan of £1,500 per annum</b> | <b>OR</b> | <b>Loan of £6,000 per annum</b> |
|------------------------|---------------------------------|-----------|---------------------------------|
| Write-offs best case:  | £140,000 p.a.                   |           | £570,000 p.a.                   |
| Write-offs worst case: | £310,000 p.a.                   |           | £1,235,000 p.a.                 |
| Peak outstanding debt: | £6,700,000                      |           | £26,900,000                     |

- 6.6 From the perspective of a graduate taking a three year degree course (using the loan details described above), the amount owed by the time repayments started (one year after graduation) would be approximately £5,400 with a loan of £1,500 per annum and £21,500 with a loan of £6,000 per annum. Approximate repayments per month by a graduate would be as follows:

**Table 7** Monthly repayments

|                         | <b>Repayment period 5 years</b> | <b>Repayment period 7 years</b> | <b>Repayment period 10 years</b> |
|-------------------------|---------------------------------|---------------------------------|----------------------------------|
| Loan amount £1,500 p.a. | £102 per month                  | £77 per month                   | £58 per month                    |
| Loan amount £6,000 p.a. | £407 per month                  | £307 per month                  | £233 per month                   |

## **7. NEW SCHEMES FOR STUDENT SUPPORT CONSIDERED BY THE MINISTER AND COUNCIL OF MINISTERS**

7.1 In developing views on the creation of a new scheme of student support, the Minister and Council of Ministers considered four schemes. Two schemes (schemes 1A & 1B) were based on a presumption that funding would be based on the current true cost of States support to students in higher education (£10 million in 2005) and that the DfESC would receive 'flexible' funding from the States, adjusted each year to take account of fluctuations in student numbers. Scheme 1A includes a loan facility; Scheme 1B does not.

7.2 Two other schemes (schemes 2A & 2B) illustrate the type of scheme which will have to be developed if the States require DfESC to reduce actual expenditure on student support in order to bring it back into line with the current total student finance budget of £8.9 million. Schemes 2A & 2B both contain a loan facility.

### **Scheme 1: based on current expenditure on student grants**

7.3 **Scheme 1A** The essential features of this scheme are that:

- the States would continue to provide financial assistance towards tuition and maintenance costs on a means tested basis;
- the highest level of maintenance to low income families (with incomes of less than £26,750) would be maintained at £5000 pa (similar to current arrangements).
- parents whose income is in excess of £51,440 would receive no support towards maintenance and would be required to make contributions to the tuition fees;
- the cap on parental contribution to fees would be removed so that parents whose income is in excess of £76,132 with children studying high cost courses would be required to make a contribution to the actual cost of the course being followed. This contribution would be based on a sliding scale according to their income;
- In instances where students are following the longest and highest cost band A courses (i.e. clinical years of medicine or veterinary programmes) the maximum contribution payable by families to the cost of tuition would be capped at the same level as the contribution required for the non-clinical years (expected to be £13,530);
- top-up fee charges (£1,350) would have to be met by the student or his or her family;
- a student loans facility providing loans of up to £1500 per year would be introduced. This would ensure that all students had access to the necessary funds to meet top-up charges if they required them.

*(Appendices 3A & 3B offer details of the scheme and its effects on the States student grants budget. Appendices 4A & 4B illustrate the potential effect on families).*

7.4 **Scheme 1B** The essential features of this scheme are that:

- the States would continue to provide financial assistance towards tuition and maintenance costs on a means tested basis;
- the highest level of maintenance to low income families would be pegged at £4000 pa. but the lower threshold of parental contribution would be lowered to £20,000.
- parents whose income is in excess of £33,333 would receive no support towards maintenance and would be required to make contributions to the tuition fees;
- the means tested gradient of contribution would be 30% rather than 20.25% which currently applies.
- the cap on parental contribution to fees would be removed so that parents whose income is in excess of £50,000 with children studying high cost courses would be required to make a contribution to the actual cost of the course being followed on a sliding scale according to their income;

*(Appendices 3C & 3D offer details of the scheme and its effects on the States student grants budget. Appendices 4C & 4D illustrate the potential effect on families).*

## **Scheme 2. Adjusting support within a standstill budget.**

### **7.5 Scheme 2A** The essential features of this scheme are that:

- the States would continue to provide financial assistance towards tuition and maintenance costs on a means tested basis;
- the highest level of maintenance to low income families (those earning less than £26,750) would be reduced from approximately £5000 to £4000 pa;
- the 'gradient' of means-tested support would be increased from 20.25% currently to 25%;
- parents whose income is in excess of £42,750 would receive no support towards maintenance and would be required to make contributions to the tuition fees;
- the cap on parental contribution to fees would be removed so that parents whose income is in excess of £62,750 with children studying high cost courses would be required to make a contribution to the actual cost of the course being followed on a sliding scale according to their income;
- top-up fee charges (£1,350) would have to be met by the student or his or her family;
- a student loans facility providing loans of up to £1500 per year would be introduced. This would ensure that all students had access to the necessary funds to meet top-up charges if they required them.

*(Appendices 3E & 3F offer details of the scheme and its effects on the States student grants budget. Appendices 4E & 4F illustrate the potential effect on families).*

**7.6 Scheme 2B** The essential features of this scheme are that:

- the States would continue to provide financial assistance towards tuition costs on a means tested basis but would make no contribution towards maintenance;
- parents whose income is in excess of £51,441 would be required to make contributions to the tuition fees;
- the top-up fee element of cost would be absorbed into the general provision for student financial support;
- the 'gradient' of means-tested support would be increased from 20.25% currently to 30% for tuition only. Maintenance costs for all students would have to be met by the student and /or parents;
- the cap on parental contribution to fees would be removed so that parents whose income is in excess of £68,100 with children studying high cost courses would be required to make a contribution to the actual cost of the course being followed on a sliding scale according to their income;
- a student loans facility providing loans of up to £6000 per year would be introduced. This would ensure that all students had access to the necessary funds to meet maintenance costs charges if they required them.

*(Appendices 3G & 3H offer details of the scheme and its effects on the States student grants budget. Appendices 4G & 4H illustrate the potential effect on families).*

## **8. THE MINISTER'S PROPOSAL**

**8.1** Of the schemes described above Scheme 1A is the Minister's and Council of Ministers preferred solution because:

- it seeks to maintain the current States investment in higher education rather than reduce it, sending a clear message that higher education is important to the Island and its economy;
- it continues to provide assistance to low income families ensuring that all who can benefit from higher education have the opportunity to participate in it regardless of the cost of the chosen subject;
- it introduces a 'third partner' contributor (the student through student loans) to spread the burden of cost;
- it aligns the introduction of student loans with the additional costs that were imposed on Jersey by UK universities (additional top-up fees)
- it does not lead to high levels of graduate debt.



- It offers additional support to families making the greatest financial contribution over the longest period of time by containing the clinical years' costs for medicine and veterinary courses at the non-clinical years rates.
- 8.2 The Minister therefore proposes to adopt scheme 1A as the basis for full-time undergraduate support in the Island, in the UK and elsewhere.
- 8.3 In order to achieve the proposed solution however, it will be necessary for the States to accept that many of the costs associated with higher education are imposed on Jersey from outside and that forecasting actual costs year on year is problematic:
- it is difficult to make accurate assumptions about parental income from year to year;
  - the choice of courses studied can also vary and this has an impact on tuition fees charged;
  - although generally the number of students seeking entry to higher education is known to be increasing, the actual number of students varies from year to year.
  - examination results which determine progress to higher education are not known until mid August each year and entry to university takes place in September. Therefore, the actual number of young people attending university in a given year therefore is not known until nine months after the start of the financial year.
- 8.4 In recent years these variables have created significant difficulty for DfESC which has been required to operate within a cash-limited budget. This problem was recognised at a meeting between the Ministers for Treasury and Resources and Education Sport and Culture in September 2006 when it was agreed that part of the solution would be for the Treasury to work with DfESC to develop arrangements for retrospective flexible funding to take account of actual student numbers and courses followed each year. The success of the Minister's proposal described above therefore will be dependent on the achievement of that settlement.
- 8.5 The alternative schemes are not supported because:
- Scheme 1B avoids the introduction of student loans and absorbs the top-up fee within the scheme. In order to do this, it reduces support for lower-income families and lowers the point at which families contribute (to an income of £20,000). It also steepens the gradient of parental contribution to 30% which will increase costs to lower and middle income families. Having taken on the burden of top-up fees, the States will be increasingly vulnerable to further increases imposed by UK universities and the mechanism to broaden the base of contribution (student loans) will not be in place for future years.
  - Scheme 2A enables the States to bring its expenditure back in line with its budget allocation but it reduces support for low and middle income families.

- Scheme 2B achieves the same outcomes as Scheme 2A but the loan amount £6,000 per year is considered to be unacceptably high.

## **9. OTHER PROPOSALS EMERGING FROM THE CONSULTATION PROCESS**

9.1 The consultation paper on support for students in higher education posed 14 questions. The first eight sought to gain an understanding of the public's views on four options for the financial support of undergraduate students. Questions nine to fourteen dealt with broader issues of student support. Additionally, respondents were also encouraged to raise other issues or propose other solutions. In light of the responses the Minister for ESC has determined the following.

### **Support from Employers**

9.2 The general solution to the problem of increasing cost of higher education described here has been to consider broadening the base of contribution through the introduction of student loans. It was suggested during the consultation process that employers should also contribute to the cost of higher education. Many employers already support students by providing valuable paid work experience during vacation periods. Some also offer in-house bursary schemes. During 2007 The Minister intends to survey current employer involvement in bursary schemes and will work with Ministerial Colleagues to bring forward options and recommendations on the desirability or otherwise of an education and training levy.

### **Capital Assets**

9.3 Currently, in assessing parental income, the DfESC reserves the right to take account of a family's capital assets in excess of £500,000 (other than the value of the family home) when determining income levels. This figure was established several years ago and the consultation document asked whether it should be adjusted. Respondents agreed that it should be adjusted but were almost equally split in their views as to whether it should be raised or lowered. In view of the above, the Minister will undertake research to ascertain the 'real value' of £500,000 at the time the figure was set and will readjust the current capital assets figure to take account of subsequent increases in the RPI.

### **Fair support for families with more than one child**

9.4 The outcomes of the consultation suggest that there is a general acceptance that the current arrangements for families with more than one child are unfair. The current system was based on the premise that parents contribute for each child 'as and when' they attend university. When the current arrangements were drawn up however, a concession was made to parents who would have more than one child at university at the same time. It was felt that such families could encounter severe cash flow problems if they were to be expected to find all the money at the same time.

9.5 Although the consultation process highlighted this as a problem, there was no consensus as to remedy. Some argued that parents with more than one child at university at the same time should pay for both children as other parents do, others argued that the concession to these parents should also be given to parents whose children are more widely spaced in years. For 2007, therefore the Minister has determined to maintain the current arrangements. During 2007 however, there will be further consideration of this matter

## **Defining the family**

- 9.6 This topic also provoked a good deal of discussion during the consultation process. Married couples in particular felt that they were being penalised by the current system in that both incomes were taken into account when contributions to student support were being considered whereas in cases where the family had separated, only the income of the parent with custody was taken into account. Frequently, the parent with custody of the child also has the lower income. In the consultation there was a strong view that the income of both biological parents should be taken account of when grant assessments are being made.
- 9.7 This is a very complicated issue, largely because divorce is about the break up of a family. A divorced family is no longer a family and the terms of the settlement are made in courts of law. At present parents supply income information to the student grants office voluntarily because both are seeking financial support from the States. It would be impossible for DfESC officers to make an assessment of parental income if one parent refused to supply the information, or indeed if the whereabouts of a particular parent were unknown.
- 9.8 In view of the above, the Minister will make proposals on this matter when a more detailed review and consultation with the Law Officers has been completed.

## **Allowances**

- 9.9 Some participants in the consultation process argued that the current scheme of support should be more sophisticated, taking account of 'real' residual income. The current system of grant aid replaced a more complicated and less transparent scheme which tried to take account of income after allowances had been made for tax, mortgage payments, school fees, dependents etc. It was criticised by parents for being too opaque and by the States for being too complicated, expensive to administer, and open to abuse. In proposing the new scheme therefore, the Minister intends to maintain transparency and simplicity.

## **Taxation**

- 9.10 The tax allowance for a family attending higher education is £5,000. Many parents spend significantly more than this sum in support of their children. The Minister for ESC will raise this matter with the Minister for Treasury and Resources.

## **Postgraduate support.**

- 9.11 Under the present scheme of financial support, students following postgraduate diplomas essential to professional entry (e.g. PGCE teaching qualifications) continue to be supported as they were when they were studying for their first degree. The Minister will maintain this arrangement.
- 9.12 With regard to support for higher degrees (Masters or PhDs). Currently there are two schemes: scholarships and bursaries. With effect from September 2007 the Minister will establish a single scheme of competitive bursaries for students who have achieved a minimum of a 2(i) classification in their undergraduate studies and seek to continue their studies at postgraduate level.

## **Conversion Courses**

- 9.13 Under present arrangements a student, having completed a three or four year degree, may obtain an award for a further one or two years to 'convert' his or her learning towards a professional qualification, a law conversion course, for example. This constitutes a very expensive and inefficient means of gaining qualifications in this vocational area. The Minister therefore intends to cease this arrangement in 2009 and advise all students entering higher education in September 2007 that funding for conversion courses will no longer be available to them.
- 9.14 With regard to law courses, local law firms will be encouraged to offer vacation employment and bursaries to students seeking qualification through this route.

## **Art Foundation**

- 9.15 In the UK art foundation courses are increasingly viewed as being within the realm of further education rather than higher education. In view of this and also in accordance with the aspirations of the Cultural Strategy approved by the States in 2005, The Minister will review the arrangements for art foundation during 2007 with a view to building capacity within the Island to meet all demand for art foundation courses locally with effect from September 2008.

## **Broadening Student Choice of Institution**

- 9.16 Three of the four options for student finance described above contain an element of student loan. These schemes place much greater responsibility on the student to consider the value of higher education, the type of institution and associated costs. The Minister believes that increased choice should accompany increased responsibility. He will therefore remove current arrangements which restrict students to UK institutions. With effect from September 2007 students eligible for financial support will have the right to attend any institute of higher education they choose providing they can provide evidence that:
- the tuition fees they require are no greater than they would be charged for a similar subject in a UK university;
  - the quality of course and institution is at least comparable with that of a UK university;
  - the qualification they will attain is recognised in the UK and is at least comparable with a first degree from a UK institution.

## **Support for Distance Learning**

- 9.17 Currently there are about 400 local people enrolled on courses of study through the Open University. Many of these already have first degrees and therefore would not be eligible for financial support from the States. Increasingly, however, despite a threefold increase in fees from 2007 onwards, the Open University is seen as a viable and cost-effective alternative to full-time university study. For Island communities it brings an added advantage in that it offers students access to a range of subjects that could never be provided locally through traditional teaching methods. In view of this, the Minister will maintain financial support for

students following vocationally significant courses leading to first degree via the Open University within the general arrangements for student grants with effect from September 2007.

### **Scottish Universities**

- 9.18 The Scottish education system is different to that of England. Degree courses in Scotland are often of four years duration whereas in an English institution a similar course would be completed in three. In view of this, the Minister is unwilling to offer financial support for four years when the same result could be achieved in three. In light of the Minister's wish to allow young people greater freedom in their choice of institution however, he does not intend to remove support from students seeking access to Scottish institutions. Instead, with effect from September 2008 funding will be restricted to the equivalent of three years, spread over four, to eligible students who seek entry to such courses.

## **10. CONCLUSION**

- 10.1 The Minister, in consultation with the Council of Ministers proposes to:
- develop a new scheme of student financial support described as scheme 1A in Section 6 paragraph 3 of this report for all undergraduate students in full-time higher education studying on or off-Island.
  - work with local clearing banks to develop a scheme of student loans to support the arrangements for student support envisioned in scheme 1A above
  - survey current employer involvement in bursary schemes and work with Ministerial Colleagues to bring forward options and recommendations on the desirability or otherwise of the introduction of an education and training levy During 2007.
  - undertake research to determine a appropriate adjustment to the level at which capital assets should be taken account of in determining family income for grant making purposes
  - maintain, within the new proposed scheme of student support, the same general arrangements for families with more than one child. During 2007 however, there will be further consideration of this matter
  - make proposals on the fairest means of determining parental responsibility for contribution towards costs in cases where parents have divorced or separated when a more detailed review and consultation with the Law Officers has been completed
  - raise the issue of the tax allowances for families attending higher education with the Minister for Treasury and Resources.
  - maintain current arrangements, within the new scheme, for the support of students following postgraduate diplomas essential to professional entry (e.g. PGCE teaching qualifications)

- establish, with effect from September 2007, a single scheme of competitive bursaries for students who have achieved a minimum of a 2(i) classification in their undergraduate studies who seek to continue to postgraduate level.
- cease support for law conversion courses with effect from 2009 and advise all students entering higher education in September 2007 that funding for this route will no longer be available to them.
- review the arrangements for art foundation during 2007 with a view to building capacity within the Island to meet all demand for art foundation courses locally with effect from September 2008.
- remove current arrangements which restrict students to UK institutions with effect from September 2007
- maintain financial support for students following vocationally relevant courses leading to first degree via the Open University within the general arrangements for student grants with effect from September 2007.
- restrict funding to the equivalent of three years, spread over four, to eligible students who seek entry to Scottish universities offering four year courses when similar courses of three year duration are available elsewhere, with effect from September 2008.

## WRITTEN RESPONSES TO CONSULTATION ON FUNDING FOR HIGHER EDUCATION

In total 44 responses were received, of which four were from organisations:

Hautlieu School Governors (Haut),  
Jersey Finance Education & Training Group (JF),  
Highlands governors (H) and  
the Jersey Women's Institute (WI).

Not all respondents gave opinions on all questions and therefore where percentages are used in the quantitative response below they refer to a percentage of those who responded to that question.

| Question   | Quantitative Response  | Summary  | Comments  |
|--|--|--|---|
| 1) Do you feel that the current scheme of grant aid should be maintained   | Yes – 58%<br>No – 42%  | Many of those who answered “Yes” felt that the principle of States support should be maintained but that there were anomalies within the current system and certainly ways in which it could be improved.  | any increase in cost to students and parents minimised<br>States should find extra £3m<br>States 55%, parents 25%, students 20% (Haut)<br>States spending should not increase simply to pay for more graduates<br>No large changes<br>Existing States support should be seen as a minimum level (JF)<br>Maintained by cutting down other areas of States wastage<br>Closer look at eligibility<br>Simply not feasible<br>Loans alongside a States scholarship for high performers |
| 2) Do you feel that a viable solution to increasing cost could be achieved through a readjustment of the contribution made by the States and the parents | Yes – 69%<br>No – 31%  | Wide variety of opinions but main themes were:<br>- Important to protect low and middle income earners who are already near limit<br>- Raise or remove the cap<br>- Individual circumstances should be taken into account; mortgages, additional children and school fees most mentioned | tax relief for parental contributions<br>three way partnership (Haut)<br>contribution should reflect individual course cost<br>students should earn their own fees<br>balance to be met by the States by increasing indirect tax or changing priorities<br>involve employers through bursaries in light of future tax changes(H)  |
| 3) If so which broad option would you support  | Of those who answered “Yes” to 2) only 73% had a preferred option as follows:<br>A 19%<br>B 0%<br>C 62%<br>D 19% | The majority viewpoint was for option C, with some opting for a combination of C & D. Many talked of stretching and flattening the contribution line i.e. lowering the base and raising the upper limit.   | base to £22K<br>base at £30k with an increase of £2.5K for each child<br>contribution tapers after £100K with cap of £150K (JF)<br>Income £0 - £25K, contribution 2.5%<br>Income £25K- £40K, contribution 5%<br>income £40K+, contribution 10%<br>Widen the bands up to £250K (Haut)  |
| 4) Are you in favour of containing cost through restricting student numbers  | Yes - 32%<br>No – 68%  | Over two thirds felt that this would be a retrograde step. There were some comments that greater care should   | Very subjective<br>Students should compete for funding<br>Work in Jersey for at least the length of the degree course   |

|   |  | be taken with choice of course with mention also of improved advice and guidance.   | Quality not quantity   |      |   |     |     |   |     |     |   |     |     |   |     |     |   |     |     |  |   |
|---|--|---|--|------|---|-----|-----|---|-----|-----|---|-----|-----|---|-----|-----|---|-----|-----|--|---|
| 5) If so would you prefer the restriction to be based on<br>a) student attainment<br>b) the strategic importance of the course to be followed   | Of those who thought that there should be a restriction, 62% said on attainment and 38% on subject choice  |   | No support for "soft value" courses<br>Courses that will help the Island   |      |   |     |     |   |     |     |   |     |     |   |     |     |   |     |     |  |   |
| 6) Do you broadly support the introduction of a student loan  | Yes – 79%<br>No – 21%  | The majority were in favour of some kind of student loan although the following comments were made by a number of respondents:<br><br>- Only as a last resort<br>- States should administer and underwrite<br>- Earnings contingent<br>- Interest free for study period                   | States should provide the finance<br>Keep as close as possible to UK model<br>Link with Guernsey (Haut)<br>Small loan may incentivise, large loan may lead to demand for higher starting salaries<br>Not before 2008<br>Young people should not be put in debt before they start earning<br>Parents are means tested to determine the grant/ loan ratio (H)<br>Parents and students take on joint responsibility for debt by taking out a covenant (H) |      |   |     |     |   |     |     |   |     |     |   |     |     |   |     |     |  |   |
| 7) If so which of the options would you broadly favour  | i) 38%<br>ii) 33%<br>iii) 14%<br>v) 14%  | Not all those who were in favour of student loans liked any of the options given. There was general concern over the level of debt with the majority opting for the lower value maximum loan.   | States expenditure should be set at the highest level possible, the level of debt in option iii is too high (JF)<br>Discount if return to Jersey Loan should be open ended   |      |   |     |     |   |     |     |   |     |     |   |     |     |   |     |     |  |   |
| 8) Do you believe that the creation of a consortium of universities offering a fair tuition fee to local students would be appropriate for meeting Island needs   | Yes – 79%<br>No – 21%  | Generally thought to be a good idea. Many of those who were against did so because they had not fully understood and felt that students should always be able to go where they want. (The intention, if this happens, is still to have that freedom of choice but possibly paying for it) | as long as not committed to those universities<br>more degree courses locally<br>perhaps UK born students could apply directly and get home rates!   |      |   |     |     |   |     |     |   |     |     |   |     |     |   |     |     |  |   |
| 9) To what extent should the Minister seek to preserve fair support for<br>1 Post graduate diplomas<br>2 Bursary payments to masters degree students<br>3 Jersey Scholarships<br>4 Law conversion courses<br>5 Art Foundation in the UK | <table border="1"> <thead> <tr> <th></th> <th>Continue</th> <th>Stop</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>70%</td> <td>30%</td> </tr> <tr> <td>2</td> <td>65%</td> <td>35%</td> </tr> <tr> <td>3</td> <td>69%</td> <td>31%</td> </tr> <tr> <td>4</td> <td>37%</td> <td>63%</td> </tr> <tr> <td>5</td> <td>26%</td> <td>74%</td> </tr> </tbody> </table> |   | Continue   | Stop | 1 | 70% | 30% | 2 | 65% | 35% | 3 | 69% | 31% | 4 | 37% | 63% | 5 | 26% | 74% | Law conversion courses and the Art Foundation in the UK attracted the least support. Many thought that if a loans system were to be introduced then it could also be used for eligible post graduate courses. A minority believed there should be no post graduate funding | part time in combination with employers<br>part loan/ part grant<br>must look at value to society<br>figures too small to make significant difference |
|   | Continue   | Stop  |  |      |   |     |     |   |     |     |   |     |     |   |     |     |   |     |     |  |   |
| 1   | 70%  | 30%   |  |      |   |     |     |   |     |     |   |     |     |   |     |     |   |     |     |  |   |
| 2   | 65%  | 35%   |  |      |   |     |     |   |     |     |   |     |     |   |     |     |   |     |     |  |   |
| 3   | 69%  | 31%   |  |      |   |     |     |   |     |     |   |     |     |   |     |     |   |     |     |  |   |
| 4   | 37%  | 63%   |  |      |   |     |     |   |     |     |   |     |     |   |     |     |   |     |     |  |   |
| 5   | 26%  | 74%   |  |      |   |     |     |   |     |     |   |     |     |   |     |     |   |     |     |  |   |
| 10) Do you support the notion of broadening choice of institution and location of study   | Yes – 100%   | There was unanimous support for this proposal as long as there was no extra cost and courses were of an equivalent standard and valid locally   | not as a solution to the funding problem (Haut)<br>should not attract differential funding   |      |   |     |     |   |     |     |   |     |     |   |     |     |   |     |     |  |   |
| 11) What are your views on providing fair support for families with more  | Change – 59%<br>Maintain – 41%   | The majority of those who would like change wanted the payment for  | any change would need considerable notice (20 years for family planning!)  |      |   |     |     |   |     |     |   |     |     |   |     |     |   |     |     |  |   |



|  |                       |  |  |
|--|-----------------------|--|--|
| <i>than one child who may seek to enter higher education</i>   |                       | each child to be the same, whether they go to HE at the same time or not. This would be facilitated by interest free loans spreading the cost over more years or by the child deferring. Others talked of some support but not paying the full amount because of effect on cash flow   | maintain as long as they are of similar age  |
| <i>12) Should the States continue to support students undertaking 4 year degree courses in Scotland in instances where the same qualification can be obtained through 3 years of study elsewhere</i> | Yes – 26%<br>No – 74% | The majority felt that if the same qualification were available elsewhere in three years then this should be the maximum funding.  | Yes as there are only small numbers involved   |
| <i>13) Should the £500 000 capital assets figure be altered and, if so where in your view should the level be set</i>  | Yes - 73%<br>No – 27% | Of those who felt it should be changed, 50% felt it should be higher (due to inflation) and 50% felt that it should be lower   | Suggested figures ranged from £50K to £1.9M<br>Should not be taken into account<br>Need to distinguish between different types of assets e.g. income generating and other<br>Better checking<br>Punishments for false declaration  |
| <i>14) How can the system of determining parental contribution be made more equitable</i>  |                       | There is a general feeling that the current system is unfair but also a recognition that it is a difficult area to get right and apply. The most common suggested change was to use the incomes of both parents although in some cases this was qualified by reference to “income of parents supporting the child” and “where contactable and capable” | Highest earner should pay<br>More care, scrutiny and questioning<br>Both parents whether married or not<br>Both parents even if divorced or separated (WI)<br>Family unit currently penalised<br>Snooping unacceptable, must rely on honesty<br>Penalties imposed for false declaration or failure to pay e.g. increased ITIS rate/ strip assets |

## GENERAL COMMENTS

There were a wide range of comments. Where possible these have been grouped into categories.

|   |  |
|---|--|
| <i>Divert money from elsewhere?</i>           | <ul style="list-style-type: none"> <li>- States wastage e.g. capital projects in Education Sport &amp; Culture</li> <li>- 14 -19 changes could lead to less demand for university education</li> <li>- falling numbers in primary could give room for transfer of monies</li> <li>- return the £2M</li> <li>- eliminate waste in ESC e.g. dumping of “perfectly good computers”</li> <li>- reconsider priorities e.g. free early years</li> <li>- money should not be taken from other educational areas (Haut)</li> <li>- closer cooperation between 6<sup>th</sup> Forms and Highlands</li> <li>- review expenditure within the Department – Isle of Man not doing away with grants</li> </ul> |
| <i>Consultation process and communication</i> | <ul style="list-style-type: none"> <li>- further consultation needed on the detail (Haut)</li> <li>- communication of any change particularly important to certain sectors of the community (Haut)</li> <li>- consultation a sham – stage managed to ensure the pre-determined decision is reached</li> <li>- not sufficient information to people coming in to the Island</li> </ul>  |

|                  |   |
|------------------|---|
|                  | <ul style="list-style-type: none"> <li>- information should be available at the beginning of a child's education</li> <li>- concentration is on reducing States costs</li> </ul>  |
| <i>Financial</i> | <ul style="list-style-type: none"> <li>- increase in child tax relief</li> <li>- tax relief for grand parents</li> <li>- States payments increase, parents increase, students pay but NO measures to limit student numbers (JF)</li> <li>- Greater liaison with Income Tax to allow greater flexibility for individual circumstances</li> <li>- Should be an Option 5: ESC should be funded by the States for each post 18 student in full time education on or off Island</li> <li>- HE savings account to be opened with ESC. Set up early in child's life with payment in from anybody; no interest until withdrawn for purposes of HE when compound interest plus bonus is paid (H)</li> <li>- More bursaries from wealthy patrons cf. USA</li> <li>- Need to renegotiate fees with UK universities</li> <li>- Last 3 years has seen an increase in 29% in parental contribution while costs have increased by just over 5%</li> <li>- Grant each student a fixed amount each year</li> <li>- Grant aid tuition fees only</li> <li>- Scrap grant, loan for same amount which is waived if student returns to work for 5 years after graduation</li> </ul> |
| <i>General</i>   | <ul style="list-style-type: none"> <li>- Why does ESC have a user pays policy when other areas of the States do not?</li> <li>- Students who receive no funding will feel no loyalty to the Island</li> <li>- There is an obsession with having a degree, need also to look at opportunities for others</li> <li>- If more people became ill the government would not charge them more, why use this principle in education?</li> <li>- Have a progressive income tax system to provide more funds</li> <li>- Too few people contribute to tax</li> <li>- In a resource constrained economy it is not an inalienable right to go to university</li> <li>- States need to look at manpower planning with respect to graduates returning</li> <li>- Any change needs to be phased in over 3/ 4 years</li> <li>-</li> </ul>  |

**Results of online survey undertaken by the universities funding  
action group established by Dr. N. Minihane**

## **Appendix 3**

### **States Contribution to students' Higher Education costs**

**Parental Contribution to students' Higher Education costs**