

Mid Wales Regional Committee Mid 01-03 (p 1)

Date: Friday 24 January 20032002

Time: 10.30am to 1.15pm

Venue: The Arts Hall, University of Wales Lampeter

Item 2: Top-up fees and the development of the University of Wales Lampeter

Ben Allen, Students' Union President

I was invited to make a presentation to this committee regarding the views of Lampeter Students' Union on the issues of both the Governments proposed plans for top-up fees, and the current developments in the University of Wales Lampeter (with regards to I imagine the Strategic partnership with Trinity College Carmarthen). However, in the light of recent developments on the top-up fees front, with Thursdays leak of the proposals to the BBC, I will focus solely on this issue.

According to press reports based on Thursdays leak, the government are proposing the following:

- o Up front tuition fees will be replaced with a form of graduate endowment
- o Top-up fees of up to £4000 per year will be introduced, and universities will be able to charge students different levels of fees.
- o A targeted maintenance grant will be given to help students from poorer backgrounds cover their living costs.

- o The threshold for repaying student loans and now tuition fees will be raised from an annual income of £10,000 to £12,000 p.a.
- o Students who find work in the public sector will have their debts paid off if they stay in their jobs.

Since the original leak, further developments have been:

- o A proposed deal where by Universities will only be allowed to charge top-up fees if they meet targets for recruiting Students from "low-income backgrounds ". Apparently as a means to overcome a cabinet split on the issue.
- o Education Secretary Charles Clarke's admission that under the new system the average Student Debt will rise from £12,000 - £15,000 up to £18,000 - £21,000.

As the Committee will understand, this raises issues of great concern for Students. I would like to express concern on several particular areas of the reports.

To the basic matter of top-up fees, and indeed tuition fees of any type, we at Lampeter Students' Union remain in total opposition, in line with Union policy. That these fees will be paid after graduation as opposed to up-front, as is currently the case, does not change the matter. The proposed income level for re-payment is thought to be set at £12,000 p. a. this in itself is a slight increase on the current re-payment level for

Student Loans, which is currently set at £10,000 p. a. however, it should be noted that the average graduate income is £17,000, a level where the re-payments might at least be affordable. The proposed re-payments at an income of £12,000 would be financially crippling.

There is an attempt to avoid this issue with the "golden handcuff" idea, where by graduates who choose to work in the public sector will have their debt paid for them, as long as they remain in their job for an as yet undisclosed period of time. This proposal does not appear to relate to the way in which the labour market currently works, with increasing job-insecurity and more and more people regularly changing employers, and indeed careers. The likelihood of this proposal having any great effect on many people if I believe very low to say the least, leaving aside the issue of shackling people to a certain job.

This in turn brings us to the issue of Students from low-income backgrounds. Certainly it appears that it will now be in a university's interest to recruit more Students from these backgrounds, but what incentives will they be able to offer? The re-introduction of maintenance grants is a step in the right direction on this issue, but I am concerned that this alone will not go far enough. As Mr. Clarke admitted, these proposals will increase the average Student debt by an estimated 25%. So the question is, considering that fear of debt is often cited as the major reason for people from low-income backgrounds on to go to University, will

these grants be enough to off-set the fear of this increased debt?

There are other problems with the new maintenance grants. Although their re-introduction is an admission by the Government that they were wrong to abolish them in the first place, there is concern amongst Students that they will not be high enough, that the criteria for application will be too hard, and may entail more that just means testing, that they will still be tested against parental income for the majority of Students, and, an issue that the Committee will no doubt be aware of, that they will be counted as income, and therefore be set against any benefit entitlement, as was originally the case with the Assembly's ALG's, the correction of this issue the Assembly should be congratulated for.

In Conclusion:

I cannot say I welcome these proposals, it is my view, and the views of Students I have discussed these issues with that although it is undeniable that the current system of Higher Education funding is in turmoil, these proposals will not solve the problems faced. They appear ill conceived, and often the result of hasty compromise to keep the government together. The notion that charging Students for their education can solve the crisis in Higher Education funding is unacceptable, and in line with our policy on the issue Lampeter Students' Union will continue to campaign against it.

I hope this makes our opinions on this issue clear, and that the Assembly

will do all it can to support us on this issue.

Ben Allen,

Students' Union President.

Response to the press leak regarding the government's proposals for education funding

Jo Salmon

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17 January 2003

The contents of the higher education strategy document were leaked to the media yesterday. According to press reports, the government are proposing the following:

- Up front tuition fees will be replaced with a form of graduate endowment
- Top-up fees of up to £4000 per year will be introduced, and universities will be able to charge students different levels of fees.
- A targeted maintenance grant will be given to help students from poorer backgrounds cover their living costs.
- The threshold for repaying student loans and now tuition fees will be raised from an annual income of £10,000 to £12,000 p.a.
- Students who find work in the public sector will have their debts paid off if they stay in their jobs.

Up-Front Tuition Fees

The current situation of paying tuition fees (currently £1,100) at the start of every academic year is a huge disincentive for prospective students, particularly those coming from disadvantaged backgrounds. The concept of paying after graduation is preferable, but is a further attack on the principles of the welfare state. Lampeter students have passed policy calling for higher education to be funded through progressive taxation because, as graduates, we will be paying a higher band of

income tax, which should be used to fund the public sector. This would also serve to make education more inclusive of all members of society, especially those from low income backgrounds, and those who cannot borrow money for religious / cultural reasons. Any form of a graduate endowment scheme would merely serve to postpone the problem of debt and hardship that students currently suffer from. There are also implications for post-graduate students, whose numbers will increase as a result of the government's target of a 50% participation rate of young people in higher education.

Top Up Fees / Differential Fees

This system will spell doom for students who cannot afford to choose where they study due to financial hardship. No matter what form the payment of tuition fees takes, study after study has proved that the idea of debt deters prospective students. If differential fees are introduced, then we will be faced with a situation where students from low-income backgrounds will apply to universities who are charging the lowest fees, instead of the university that offers the courses they are most interested in. The concept of forcing students to prioritise their ability to pay over their academic ability is unacceptable.

Moreover, if students are to be treated as being solely responsible for the payment of tuition fees, rather than being dependent on parental payment and contributions as they are under the current system, then the government must follow this through by dropping the age of independence from 25 to 18. To quote Charles Clarke, the Education Secretary, "In most respects, the law treats 18-year-olds as independent. The exceptions are higher education, driving a heavy lorry or having an air weapon in a public place. They can vote, pay taxes, drive a car, get married without parental permission, and borrow money." If the government recognises this, then they should also recognise the humiliation they place on students aged between 18 and 25 by forcing them to remain dependent on their parents. This also has implications for students who have irreconcilable differences with their parents, thus losing any form of financial assistance, but who have not been estranged from their parents for two-years, as per the government's current qualifications to become independent if under the age of 25.

Targeted Maintenance Grants

The National Assembly has been widely congratulated for introducing the ALG, and it is good to see Westminster acknowledge their mistake in scrapping the grant in the first place. However, there are concerns that the threshold for eligibility to receive this grant will not include enough families, and that the grant itself will not be enough to support students through their academic careers. Even with the full loan and the ALG, I deal with student after student who has run out of money halfway through the term. If the government (and the Assembly) are serious about lowering drop-out rates due to financial pressures, then students need to have an amount of funding that will cover rent payments, course costs, and living costs. Some students are able to take on part-

time work, but for some students, this option is not open to them, particularly those students studying vocational, science, engineering courses, etc. Whether through grants or loans, every student should be allocated an amount of money that, at the very minimum, matches the amount that the government allocates through the benefits system. In other words, every student should have a weekly minimum to live on, after expenses for accommodation and course costs have been met.

Students are currently forced to go cap-in-hand to hardship funds / financial contingency funds, a system that varies from university to university, and one that cannot be as supportive as would normally be expected, due to the large number of applicants. Applying to such funds, no matter what terms they are couched in, is a humiliating experience, which could be avoided if students were given enough money to live on in the first place. There will always continue to be cases where extra financial assistance is required, but so many applications could be averted through a sensible and adequate funding system.

Another point of concern is that the grants will be classified as "income", leading to a similar situation faced by Welsh students this year with the ALG. I would hope that the negotiations between the Assembly and the Department for Work and Pensions will set a precedent that will not disadvantage those students receiving benefits.

My students have also raised questions about whether there will be any criteria attached to successful applications for the grants, or if it will be solely means-tested.

Threshold for Repaying Student Loans and Tuition Fees

Neither the current repayment threshold of £10,000 p.a., nor the suggested threshold of £12,000 p.a., are acceptable levels at which repayments must begin. The average graduate wage is £17,000 p.a., and repayments before a graduate reaches this income band causes him/her as much, if not more, financial difficulties as they experienced while at university.

Public Sector "Golden Handcuffs" Deal

While appearing to be a strong incentive for graduates to enter the public sector, this scheme seems to me to be nothing more than a carefully concealed bribe to hide the faults and weaknesses of the government's proposals.

Conclusions

Overall, I am dismayed by these proposals, and can only hope that the leaks to the press represent the worse case scenarios. If the strategy is put in place, then student debt will double overnight, and we will have a generation of graduates owing between twenty and twenty-five thousand pounds. To force young graduates into such debt at

the very start of their careers is inconceivable, as it is an amount that will take a lifetime to repay, especially for women whose incomes suffer as a result of the pay gap, and mature students who have already taken on board other debts such as mortgages, etc.

I cannot see how individual universities are going to benefit from this proposed system, and I fear a decline in support, resources, and teaching standards at those institutions that do not have other forms of income other than from the Education Councils. This is a very real problem at Lampeter, for example, and as the Management has no plans to introduce top up fees, I cannot see how we are maintain standards and provide adequate support for students.

The press reports make no mention of other funding issues, such as childcare, travel costs, health costs, hidden course costs, mature students, postgraduate students, international students, and I would like to see these addressed as soon as possible. There are further questions about how the system will work in reality, such as for students who have to study abroad as part of their course, or who take a sandwich year to work in industry, just to name two examples. Moreover, will the sum charged to the individual student increase each academic year, or will they pay the same amount for each year? Finally, what will the interest rates, if any, be set at for the repayments?

Jo Salmon

Deputy President Welfare