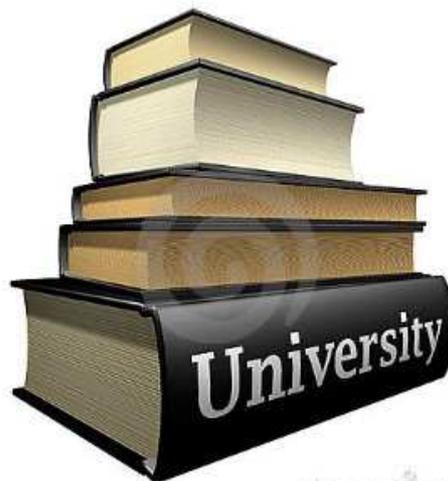


States of Jersey  
States Assembly



États de Jersey  
Assemblée des États

# Education and Home Affairs Scrutiny Panel



## Tertiary Education: Student Finance

Presented to the States on 15<sup>th</sup> March 2017

S.R. 2/2017

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## 1. Terms of Reference and Panel Membership.

### Terms of Reference

1. To establish if the current legislation, policies, protocols and systems of student financing in Jersey meets the requirements of on or off Island students, their families or the needs of the Island.
2. To examine the impact of current policies in Jersey now and into the future, including the effects on choice and connection with the stated drive for improving standards.
3. To compare options relating to Student Financing in Jersey with those of other jurisdictions both nationally and internationally.
4. To obtain evidence from the public and stakeholders.
5. To hold public hearings with the Minister for Education and any other Ministers, individuals or organisational representatives considered necessary.
6. To report to the States Assembly with the Panel's findings with any recommendations arising from the evidence.

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

The Education and Home Affairs Scrutiny Panel  
comprises the following members:



Deputy J. M. Maçon,  
Lead Member for review.



Deputy T. A. Vallois  
Vice-Chairman



Deputy S. Y. Mezec



Deputy L. M. C. Doublet,  
Chairman  
(On maternity leave throughout this review.)

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

### 2. Lead Member's Foreword

I'd like to begin by thanking everyone who submitted evidence to the Panel. Sharing, in some cases, polar opposite views regarding higher education, in other cases explaining the desperate measures and heart breaking decisions that families are taking.

Higher education is not for everyone and other routes are no less valid. However, for those who have the ability and desire, does the current system meet the needs of our community?

The evidence gathered by the Panel shows that higher education in Jersey is underfunded when compared to other European jurisdictions, including those of similar sizes. It shows that students and families receiving the "maximum" States grant do not have the costs of higher education covered. It is important to note that those who do receive support from the States were extremely appreciative. Whilst it would be easy to criticise the Council of Ministers for the lack of funding, this has been an issue for over a decade and it has been a failure of successive States Assemblies and we hope that our report can add value, change minds and address the funding issues for future generations.

In our report we identify some quick wins for the Education Department such as a grant calculator similar to that of income support which would help many families understand the level of funding they might receive in a timely manner. Also, changes to the tax system could transfer funding in a more targeted way to those most in need.

Our main recommendation is that a student loan scheme must be considered and this does not need to mirror the UK scheme as there are other models to consider which are outlined within our report.

Given the length of time this has been going on and importance of student finance, the Panel was unimpressed in how the Education and Treasury Ministers were, or more accurately were not, working together, creating an environment of inaction. This we feel has been recognised by the Chief Minister with the recent formation of the ministerial subgroup which has been tasked with finding a solution.

Whilst this review concentrated on student finance it is worth mentioning the other work being done by the Education Department, extending the courses offered via Campus Jersey, working with European universities, etc. The Panel intends to review these areas further. Regardless, Jersey simply cannot offer the range of subjects to our students and UK universities will always be the main provider which demonstrates the need to address the matter of student finance as a priority.

We commend our report to the States Assembly and the Public.

Signed



Deputy J. M. Maçon

### 3. Key Findings and Recommendations

#### KEY FINDINGS

(Numbers relate to the paragraph within the report)

11. Jersey students and their families are, in many cases, unable to meet the costs of attending university.
34. The Minister for Education and the Minister for Treasury and Resources have placed the responsibility for resolving the problems of student finance at each other's door.
40. The Island needs a pool of graduates for business to draw from.
43. Jersey spends less, as a percentage of GDP, than listed OECD countries on Tertiary Education.
56. The provision within the Jersey Tax system of Higher Child Allowance is an indirect and poorly targeted method of assistance.
75. The maximum grant provided by the Minister for Education to Jersey students is insufficient to cover either the university fees or the maintenance costs.
82. Many of the Jersey families who spoke to Scrutiny find it difficult to work out their student grant entitlement.
92. Rather than being the optimal place to study, for issues relating to finance, University College Jersey has the reputation of being the 'default option'.
95. Increasing the provision of University College Jersey ALONE is not a viable option to provide for the needs of all island students. Similarly, arranging provision with other overseas locations will only help at the margins.
102. Many parents and students in Jersey, who either spoke to the Panel or made written submissions, want some form of loan scheme.
107. No talks have taken place with the UK at political level in relation to removing the blockages for Jersey students entering the UK loans scheme.
123. During the period that this review was running, the Chief Minister created a Sub-Committee of the Council of Ministers tasked with finding a solution to the funding problems being suffered by Jersey students and families.

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

### RECOMMENDATIONS

(Numbers relate to the paragraph numbers within the report)

59. The Minister for Treasury and Resources should phase out Higher Child Allowance from standard rate (20%) tax payers as soon as possible.
60. The Minister for Treasury and Resources should phase out Higher Child Allowance from marginal rate tax payers and redirect money to direct assistance for students once a suitable solution is found.
70. The Chief Minister must ensure that the Council of Ministers Sub-Committee, tasked with finding a solution to the problems of financing students through university, examines the implications of Income Support when seeking a solution to the problems of financing students through university.
84. The Minister for Education should provide an on-line calculator, that allows families to understand their entitlement and that is flexible enough to change as policy is amended, with immediate effect.
114. The Chief Minister must ensure that the Council of Ministers Sub-Committee, is tasked with finding a solution to the problems of financing students through university, must consider some form of student loan system.
125. The Chief Minister must ensure that the Council of Ministers Sub-Committee created to resolve the problems of financing students through university, should publish its terms of reference, specify a deadline for the work to be concluded and present its recommendations to the States in the form of a report.

### 4. Executive Summary

1. Evidence that families in Jersey are suffering significant hardship whilst putting their children through university has been presented to the States<sup>1</sup>. Some families are unable to send their children at all, whilst others with more than one child are having to choose between which of their children goes and which does not. All these decisions are based on finance and the current grants on offer to some are not resolving the problems because they are inadequate. The Panel recognises that the issue has not been resolved and that no detailed proposal is currently being considered that seems likely to resolve the issue.
2. As a result of the evidence gathered through the review process, the Panel's adviser has shown in his report<sup>2</sup> that the serious problems being experienced by local families are the result of political inactivity over the seven years since the UK government declared it was raising fees to £9,000. (Appendix 1). The measures relating to Jersey's spending on tertiary education, of GER and percentage of GDP, are shown to be lower than most other jurisdictions. This is an area that is in the direct control of the Council of Ministers.
3. Jersey is investing less in its young people than almost anywhere else in Europe. The present financial arrangements mean that many fail to reach their potential.
4. Continuation of the 'do nothing' policy will irreparably damage the Island by starving it of the skills necessary to thrive in today's world. Not only will businesses be starved of highly skilled new staff unless they import those skills, but pupils at school may question the point of working hard to obtain good GCSE or A level results if they cannot achieve what they aspire to by attending university.
5. It also needs to be considered that every £1,000 spent by families paying for re-mortgages or other loans taken out to fund students, is money that is prevented from entering the island's economy.
6. The evidence has shown that there needs to be a flexible and long term solution found, and found soon. The public engagement exercise undertaken by the Panel showed clearly that a multi-partnership solution would probably be acceptable and there is no requirement for Jersey to slavishly follow the direction taken by the UK.
7. The Panel noted that, during the course of this review, the Chief Minister has created a Sub-Committee of the Council of Ministers to undertake work on finding a solution. The report of the Panel adviser shows that there are options available and rather than endorse any of those options, the Panel considers that the evidence that there are multiple options available. Accepting that each has its own merits and disadvantages, technically most would be achievable. The only necessity is the political will to make decisions and instigate a solution.

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<sup>1</sup> R.51/2016

<sup>2</sup> Appendix 1 para 64 onwards.

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

8. The Panel has not seen the Terms of Reference of this Sub-Committee but will be maintaining a watching brief. Despite this being an issue directly connected to education, the Panel believes that it is now the Chief Minister who holds the reins to obtain a solution and will be requesting regular updates.

### 5. Introduction

9. The last review to take place for Higher Education was approximately 11 years ago<sup>3</sup>. This was a proposition by the Education Minister to introduce up to £1,500 student loans. Much has changed since then, in particular, the UK's decision to raise university fees to a minimum of £9,000 in 2012. This has created problems (see section 7) for students who wish to further themselves to degree level because families are unable to meet the costs involved. The Panel has been aware of the difficulties and in November 2016 launched a review into the subject.

Problem  
financing  
students.

10. There is recognition from all parties who spoke to the Panel that there is a problem<sup>4</sup>. Different Ministers considered the issues from different angles and the public, with or without students in their families, had their own view point.
11. **KEY FINDING:** Jersey students and their families are, in many cases, unable to meet the costs of attending university.
12. There has been a failure by Ministers to recognise the extent of the difficulties being created by the current policies. Although this subject has been raised numerous times in the States Assembly, a responsible and well placed methodology has been forgone for the sake of sticking plasters.
13. On 10<sup>th</sup> May 2016, the Minister for Education presented R51/2016, Higher Education Funding to the States. The report identified the problems as they then stood, looked at the various areas considered by the Minister and made recommendations to move forwards. Although a step in the right direction, it offered no comfort or solution to the very real issues faced by students and their parents and gave no direction or commitment toward long term planning.

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<sup>3</sup> P52/2007 and P53/2007.

<sup>4</sup> P51/2016

# Education and Home Affairs Scrutiny Panel

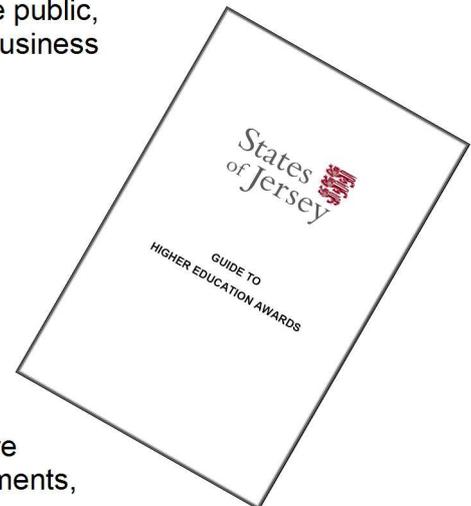
## Tertiary Education: Student Finance

14. This is, quite clearly, a complex subject and the Panel engaged Mr Bahram Bekhradnia<sup>5</sup> to act as adviser. His report deals with all issues in more depth and is attached to this report as appendix 1.
15. For that reason, the Scrutiny report will be drafted in a succinct fashion and allow the evidence and professional advice to speak for itself.
16. The Panel hired a local facilitation company<sup>6</sup> to attend the schools and extracts of that company's report are attached as appendix 2. The report shows that the pupils had very little information provided to them about financing any aspiration for further education that they might have. This differed from school to school with varying levels of understanding on the reality of the grant system.
17. The Panel is grateful for the work done by the Jersey Student Loans Support Group and the information contained within its survey.<sup>7</sup> The group has provided significant time to provide submissions and attend hearings to assist the work of the Panel.
18. The Panel held two workshops, the first was attended by the notes from which are contained in appendix 3 and the workshop was attended by parents, members of the public, some local students, politicians and business representatives. (Appendix 4).

students,  
second

## 6. Current Provision of Financial Support.

19. Details of the current provision are stipulated on the Education Department website<sup>8</sup>. According to the 'Guide to Higher Education Awards' posted on website (02/02/2017), grants are available to those who met some general requirements, summarised as follows:



*Residency requirements are based on students being ordinarily resident in Jersey for 5 years. There are exceptions and a gap year is catered for.*

<sup>5</sup> Mr Bahram Bekhradnia has worked in education policy for over 40 years as a senior civil servant, a director of the Higher Education Funding Council for England (HEFCE), and as the Director and now President of the Higher Education Policy Institute (HEPI)

<sup>6</sup> Resilience Development Company,

<sup>7</sup> [http://data.surveygizmo.com/r/467001\\_57f282c2e26d06.52052005](http://data.surveygizmo.com/r/467001_57f282c2e26d06.52052005)

<sup>8</sup> <https://www.gov.je/Working/Careers/16To19YearOlds/EnteringHigherEducation/FinancingHigherEducationCourses/Pages/index.aspx>

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

*A student must possess two passes at A level or an equivalent qualification. (Art is an exception.)*

*Degree courses outside the UK will be considered.*

*Skills Bursary offers financial assistance for full time recognised Dance and Drama Courses*

*Composition of Award Maintenance Grant i.e. the costs towards living expenses etc. is up to a maximum of £5,500 for a standard academic year.*

*Tuition Fees of up to £9,000 will be met by the department for qualifying students. (The student will be responsible for the first £1,500 of the fees.)*

*Parental Contribution. Parents are liable to make a contribution and the award is means tested with policy dealing with extended or divorced families. Family finances are rarely straight forward and the policy deals with a variety of options and arrangements to deal with more complex circumstances.*

20. At the time that the Scrutiny Panel started the review, minor changes had been proposed by the Minister for Education, who had secured an additional £2m in the MTFP Addition for Higher Education. The Panel is aware that the Minister has increased almost all of the figures relating to the awards as contained in the relevant Order.<sup>9</sup> The changes increased, amongst other things, the means testing for tuition fees from a starting figure of £26,750 to £34,000. The changes have yet to be placed onto the Education web page.<sup>10</sup>

Neither the award  
for maintenance or  
tuition fees  
currently cover the  
actual cost

21. These awards are means tested on a sliding scale. The figures currently on the website are a maximum maintenance award and maximum tuition fees available where the household income is below £26,750<sup>11</sup>. At that point the award decreases for maintenance but continues for maximum fees until

household income reaches £54,000. From that point, there is no maintenance award and the tuition fees reduce until they reach zero at £90,000.

<sup>9</sup> Education (Discretionary Grants – Amounts) (Jersey) Order 2008.

<sup>10</sup> As at 1<sup>st</sup> March 2017.

<sup>11</sup> Link to the Education web site.

<https://www.gov.je/Working/Careers/16To19YearOlds/EnteringHigherEducation/FinancingHigherEducationCourses/FundingDegreeProfessionalQualifications/Pages/FundingCalculated.aspx>

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

22. The Panel was reminded by the Department that a request for increased finances in this area was submitted but declined due to other priorities.
23. The Panel has noted that the figures have remained very similar since this scheme was instigated in 2001. That is not to say there have not been changes, there have. However the figures have not kept pace with inflation.
24. Neither the award for maintenance or tuition fees currently cover the actual cost in either area and therefore do not cover the cost of a student at university. The evidence received by the Panel shows that the 'full grant', referred to by the Department as a 'maximum grant' is misleading parents and students into believing it covers the relevant costs, only to then find that they will have to fund the shortfall. The Panel notes that this situation has developed since the UK government permitted universities to increase their fees in 2012. It is recognised by the Panel that the changes in the grants in Jersey to meet those changes has significantly failed to keep pace.
25. As mentioned, the student will be responsible for the first £1,500 of the fees. A maximum of £1,500 can be obtained through the current 'Student Loan System'.
26. Higher Child Allowances is a tax relief available in the Jersey tax system for parents of students and is discussed in full in section 10 of this report.

Students are responsible for the first £1,500 of University fees.

## 7. Evidence Gathered

27. The company that went into the schools<sup>12</sup> show in their report that 96% of pupils spoken to had considered attending higher education although only 74% were currently considering it. All students had reported that affordability was a factor that would influence their decision to attend University.<sup>13</sup>

<sup>12</sup> Resilience Development Company,

<sup>13</sup> Para 4.2.2 Resilience Development Company Report 'Student Finance' (appendix 2)

## Education and Home Affairs Scrutiny Panel Tertiary Education: Student Finance

28. The Jersey Student Loans Support Group obtained significant amounts of information within its survey.<sup>14</sup> The survey highlights the inequalities in the current system and articulates some of the real hardships faced by parents to provide funding for higher education in the absence of a viable alternative.



*Student Workshop 4<sup>th</sup> January 2017*

29. The workshop attended by students, local students and future students raised concerns relating to autonomy, financial pressures and family stresses caused by the current system. The areas raised at this meeting are contained in the meeting notes attached as appendix 3.

30. The workshop attended by parents, members of the public, some local students, politicians and business

representatives confirmed many of the very serious problems being experienced by Jersey families in putting people through university. A full list of the issues raised at the workshop is contained in appendix 4.

31. In excess of 40 written submissions were received by the Panel and, with the exception of those who requested confidentiality, they were published on the Scrutiny website<sup>15</sup>.

32. The Panel established in public hearings that the Minister for Education and the Minister for Treasury and Resources have placed the responsibility for resolving the problems of student finance at each other's door and had failed to make any significant headway on the problems<sup>16</sup>. Ministers informed the Panel that they considered that it was the job of another Minister to find the solution. To question that point, the Panel invited the Chief Minister to a public hearing to discuss the more holistic approach that was so clearly needed. At that hearing, the Chief Minister accepted that there had not been sufficient or joined up thinking by his Ministers and he reported that he had created a sub-committee of the Council of Ministers with a remit to find a solution.

<sup>14</sup> [http://data.surveygizmo.com/r/467001\\_57f282c2e26d06.52052005](http://data.surveygizmo.com/r/467001_57f282c2e26d06.52052005)

<sup>15</sup> <http://www.scrutiny.gov.je/Pages/default.aspx>

<sup>16</sup> Public hearing with Minister for Treasury and Resources 9<sup>th</sup> December 2016 and public hearing with Minister for Education 13<sup>th</sup> January 2017.

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

33. The Panel recognises that the Education Minister accepts responsibility over education provision and leads on all non-loan scheme areas.
34. The Minister for Education and the Minister for Treasury and Resources have placed the responsibility for resolving the problems of student finance at each other's door.



*Parent Workshop 12th January 2017*

## 8. The Financial Reality

35. The financial difficulties created for local families by the current policy (even with the changes in the discretionary grant from the investment of £2m) are not underestimated by the Panel:
- the cost to families is inhibitive
  - the financial burden is causing serious relationship problems within families
  - many of Jersey's young people are unable to fulfil their potential because of the financial restrictions and
  - there is a skills shortage being created for the future of the Island.
36. It appears to the Panel that the reality of the sufferance has not been truly understood by Ministers. People who attended workshops confirmed the struggles being experienced and even the Ministers who attended public hearings agreed that a solution needs to be found.

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

37. Local business institutions<sup>17</sup> expressed concerns over an observed shortage of local degree level candidates. There was an expectation expressed in the submissions that the already present graduate supply-demand gap will increase further. Business submissions also stated that 'soft skills' beyond the academic skills, such as writing, problem solving, teamwork, interpersonal and presentation skills, obtained during higher education studies, often provided candidates who were better suited to such roles as the finance industry.

...the already present graduate supply-demand gap will increase further.

38. It was pointed out to the Panel that in order for employers to continue to have access to a pool of graduates, academically strong school leavers must have access to higher education.<sup>18</sup> Blame for the lack of access to such a pool was firmly placed on the current student financing system.<sup>19</sup>

39. It was also pointed out to the Panel that a key factor that companies base their choice of location on, is talent attraction and retention. It was recognised that overall, Jersey benefits from students pursuing tertiary education.<sup>20</sup>

40. KEY FINDING: The Island needs a pool of graduates for business to draw from

## 9. Public Spending on Tertiary Education: Gross Domestic Product (G.D.P.)

41. As discussed in the adviser's report, Jersey spends a lower percentage of G.D.P on Tertiary education than any of the other countries listed in the OECD ratings. Jersey spends 0.27% of GDP on tertiary education. To put this in perspective, the OECD graph used in the adviser's report is reproduced here.<sup>21</sup>

<sup>17</sup> 'Jersey Finance', 'Jersey Consumer Council' and 'Digital Jersey'.

<sup>18</sup> Jersey Finance submission

<sup>19</sup> Drawn from numerous submissions to the Panel.

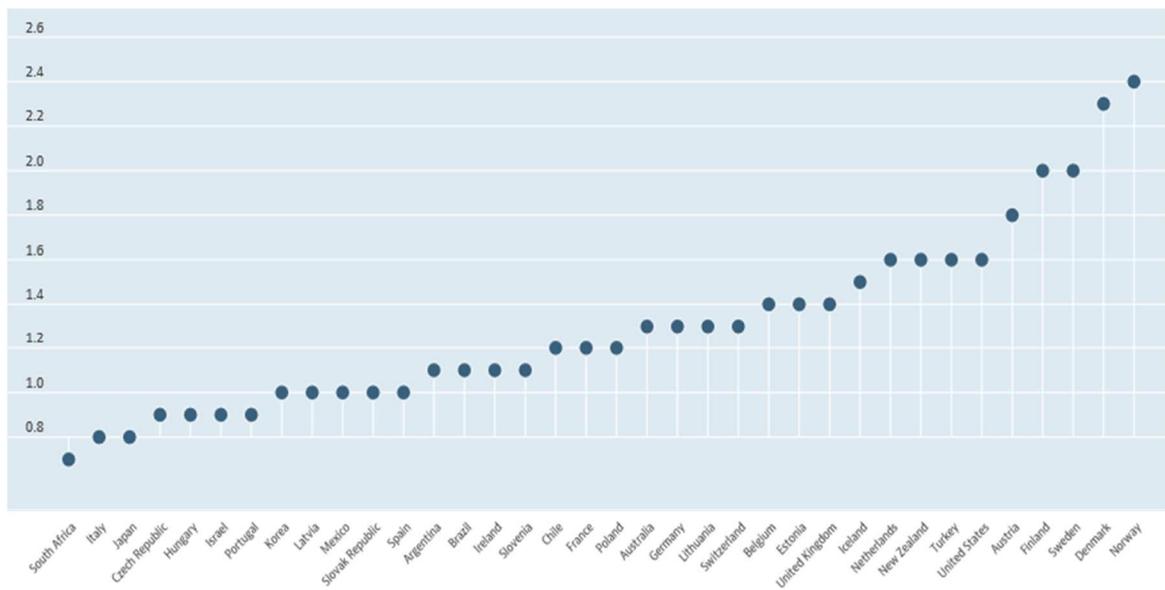
<sup>20</sup> Jersey Consumer Council Submission.

<sup>21</sup> Appendix 1 Para 38.

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

**Figure 1: Public spending on tertiary education, % of GDP, 2013<sup>22</sup>**



42. At 0.27%, Jersey's spending on this area is less than half that of the lowest spending nation listed by the OECD, that is South Africa at 0.6%, and significantly less on tertiary education than almost any other country in Europe.

43. **KEY FINDING:** Jersey spends less, as a percentage of GDP, than listed OECD countries on Tertiary Education.

44. This disadvantages not only the students from Jersey but the island economy and the prospects for a financially rewarding society in the future. All of which is discussed in detail in the adviser's report<sup>23</sup>.

45. The Panel asked the Chief Minister why this was and he stated:

*"We know that because of the makeup of our economy it is never a straightforward correlation between what we spend as a percentage and what other economies, which are made up in a very different way, spend."<sup>24</sup>*

46. However, according to the States of Jersey Statistics Unit, G.D.P is an internationally used measure of the size of the economy of a jurisdiction, and the Statistics Unit produces G.D.P for Jersey according to the international framework SNA93.

<sup>22</sup> OECD Education at a Glance 2016 – <https://data.oecd.org/eduresource/public-spending-on-education.htm#indicator-chart> – accessed 27 December 2016.

<sup>23</sup> Appendix 1.

<sup>24</sup> Page 6 Transcripts of Public Hearing 24<sup>th</sup> January 2017.

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

Moreover, even if the GDP of Jersey is overstated by 100 per cent – which is highly unlikely – even then the amount spent by Jersey would still be less than the lowest recorded by the OECD.

47. Therefore the Panel rejects the Chief Minister's suggestion that Jersey cannot be measured against G.D.P from other countries, concurs with the observations of the adviser<sup>25</sup> and recognises that too little is spent on Higher Education in the Island.

### 10. Tax Allowances for Families with Students

48. The tax system in Jersey provides allowances to parents of students in higher education.<sup>26</sup> The allowance (Higher Child Allowance) of £6,000 has been enhanced by an additional £3,000 for individuals who pay their tax at marginal rate.

49. The Minister for Treasury and Resources advised the Panel that the total loss to the States revenues of this allowance was £3.5m per annum<sup>27</sup>.

50. It is clear that families with earnings below the tax threshold receive no benefit from this arrangement at all and they are arguably the most in need of the assistance. The full benefit is not felt until earnings are sufficiently high that a family pays tax at a level that provides the full relief.<sup>28</sup>

51. It is also interesting to note that about £735,000 of that £3.5m is relief for the standard rate taxpayer, with the balance £2,765,000 being relief to the marginal rate tax payers<sup>29</sup>. The Treasury Department advised Scrutiny that 85% of tax payers are in the marginal rate<sup>30</sup>, 15% at standard rate. Figures provided to Scrutiny show that a married couple with two children, one in higher education and one not, could expect to pay the marginal rate



<sup>25</sup> Appendix 1 Para 38.

<sup>26</sup> Higher education is defined in the Education (Jersey) Law 1999. Generally it means a university degree, however, other tertiary courses are accepted, for example a foundation degree or attending a recognised nurses training college.

<sup>27</sup> Public Hearing with Treasury Minister 19<sup>th</sup> December 2016.

<sup>28</sup> The earnings required are dependent on individual circumstances and therefore not discussed here.

<sup>29</sup> Figures provided by Minister for Treasury and Resources 9<sup>th</sup> December 2016.

<sup>30</sup> Figures provided by Treasury Department 29<sup>th</sup> October 2016.

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

until they have a combined earnings of £141,000.<sup>31</sup>

52. The evidence suggests to the Panel that the tax relief is an inequitable system, one which most benefits those who are better off in society and provides no benefit at all for those earning below the income tax threshold. Interestingly, this is an area that the Panel was specifically at odds with the Minister. The Minister for Treasury and Resources informed the Panel:

*“As I have said before, it gives more access, to those most in need, to higher education by giving them the support.”<sup>32</sup>*

53. Not only is it inequitable, but it is unnecessary. As is pointed out in the adviser’s report, given the shortage of funds it seems wrong to provide a financial incentive for people to go to university who would be likely to be able to go without such an incentive. It represents a deadweight cost.<sup>33</sup>
54. The differences between financial and academic years means that where a student is on a three year degree course, the parent may claim 4 years of full Higher Child Allowance. It is worth noting that a large proportion of taxpayers continue to pay on a previous year basis which does not assist in the first academic year of the students’ study.
55. The issue of this tax allowance raises the question of whether direct funding would be a better methodology in assisting higher education finances. An extra £3.5m could be included in the modelling of a more suitable funding solution as it could be directly and more appropriately targeted.
56. **KEY FINDING:** The provision within the Jersey Tax system of Higher Child Allowance is an indirect and poorly targeted method of assistance.
57. The Panel recognises that any changes might need to be phased so as not to cause distress, but change is clearly needed to allow effective targeting of assistance. Care would need to be taken to ensure any changes in taxation relief occur in a manner directly balanced with the increase to benefits for students or families in order to ensure families are not disadvantaged by the change.
58. If the allowance was to be removed, tax paid by the parents would increase; marginal relief tax payers by £2,340 per year and standard rate by £1,200 per year.
59. **RECOMMENDATION:** The Minister for Treasury and Resources should phase out Higher Child Allowance from standard rate (20%) tax payers as soon as possible.

<sup>31</sup> Figures provided by the Taxes Office. PowerPoint. Higher Education Workshop Allowance for Children in Higher Education dated 25<sup>th</sup> November 2015

<sup>32</sup> Page 3 Transcripts of Public Hearing 9<sup>th</sup> December 2016.

<sup>33</sup> Appendix 1. Para 79

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

60. RECOMMENDATION: The Minister for Treasury and Resources should phase out Higher Child Allowance from marginal rate tax payers and redirect money to direct assistance for students once a suitable solution is found.

### 11. Income Support for Students

61. Young people living in an income support household are supported to be in full-time education up to the age of 25. This applies to degree –level (or equivalent) courses providing they commenced the course prior to their 22nd birthday. Exceptions are made for vulnerable young people, and people who are studying on a “critical skills” course designed to meet the needs of Jersey’s economy. For those courses, income support will support somebody regardless of their age.<sup>34</sup>

62. Income support cannot be paid off-island, although students are supported as part of a household claim when they return to Jersey outside term-time, and by their parents receiving a housing component to maintain a bedroom for them. Funding for day-to-day living expenses of students studying outside Jersey is provided through the maintenance grant from the Education Department.<sup>35</sup>

63. As household income increases, the level of income support reduces as the household need less help with meeting the cost of their basic living costs. Income Support does contain mechanisms to disregard a proportion of certain forms of income from the benefit calculation. This is used in order to encourage households to pursue types of income that increase financial independence such as income earned from employment and old age pensions. The disregard allows people to keep a percentage of these incomes so that they are better off than households who have not worked towards them, which supports the Departments message of financial independence.<sup>36</sup>

64. The Education maintenance grant, like the components of income support, is designed to pay towards living expenses. If the department were to disregard the value of the grant people would effectively be paid twice by different States departments towards the same expense.<sup>37</sup>

65. Of course this needs to be considered against two different scenarios. A household whose young person attends university out of the Island and a household whose young person attends university courses on Island.

<sup>34</sup> [Answer by Minister for Social Security to Written Question from Deputy T.A. Vallois, 14.02.2017](#)

<sup>35</sup> [Answer by Minister for Social Security to Written Question from Deputy T.A. Vallois, 14.02.2017](#)

<sup>36</sup> [Answer by Minister for Social Security to Written Question from Deputy T.A. Vallois, 14.02.2017](#)

<sup>37</sup> [Answer by Minister for Social Security to Written Question from Deputy T.A. Vallois, 14.02.2017](#)

# Education and Home Affairs Scrutiny Panel

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66. The Education maintenance grant for on-Island courses will be reduced with effect from September 2017 to £3,500 (approx. £67.31 per week) from £5,500 (approx. £105.77 per week).
67. Most components of Income Support are not paid during term time when the young person is away at university and support for personal expenses is replaced by the maintenance grant from the Education Department. However, Income Support will continue to support the household with the rental cost of keeping a bedroom for the student, and by continuing to pay any personal care or mobility components that a disabled student is entitled to.
68. The guidelines for Income support are not clear on the determination of the Education Maintenance grant, the income support calculator is also quiet on the subject and the overall effect of the household is not understood until the young person is studying.
69. There is also a lack of clarity for the Panel because the full maintenance grant would not cover all of a student's living expenses. The family would technically have two homes to run and less money with which to do that.
70. **RECOMMENDATION.** The Chief Minister must ensure that the Council of Ministers Sub-Committee tasked with finding a solution to the problems of financing students through university examines the implications of Income Support when seeking a solution to the problems of financing students through university.

## 12. Student Grants

71. The first thing that the Panel noticed during the student workshop was how grateful students were for the assistance they received. Many recognised that their university experience was only possible because of this assistance.
72. All those who attended the workshops were of the opinion that the grants were insufficient to meet the expenses reasonably incurred, and disproportionately hit middle income families. An interesting observation was the opinion amongst those attending that the means testing was an old-fashioned system that maintained a class divide.
73. It is accepted that the Student Finance Unit are doing the best they can, given the difficulties families are encountering and the current policies of the Minister. The Chief Minister recognised the juxtaposition when he outlined his principles relating to higher education during the hearing of 24<sup>th</sup> January 2017:

# Education and Home Affairs Scrutiny Panel

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*“...and what we - and it is difficult this - do not want to be in a position of is that they are making that decision based purely on finances rather than on their meeting their full potential.”*



74. The principles outlined by the Chief Minister and the current policy seem to be at odds. The public spoken to at the workshops reflected a belief that there was a failure within the Students Grant system to meet the goal within the Strategic Plan which states:

*“Provide a first class education service, supporting the development of skills, creativity and life-long learning.”<sup>38</sup>*

75. **KEY FINDING:** The maximum grant provided by the Minister for Education to Jersey students is insufficient to cover either the university fees or the maintenance costs.

76. Problems in implementation of grants was also reflected by the students and the parents at both of the workshops. People advised the Panel that the system is slow in the awarding of grants. An example was provided from an attendee:

*“Tax forms were copied and sent in January. A place was confirmed at university and [the family] paid first contributions to accommodation. It wasn't until the end of August that the grant guarantee arrived. [The family] needed to appeal but this hearing didn't take place until November and not resolved until then. The student had already started at university by then.”*

77. The Panel heard numerous other cases of a lack of communication and support from Student Finance.

78. Jersey's looked after children are catered for under the Children (Jersey) Law 2002, where Article 21 states:

*“The Minister [for Health and Social Services] may give assistance to any person described in paragraph (2)(a) looked after by the Minister.”*

79. The legislation goes on to describe in detail just who is eligible and what the assistance may be provided for, a list of circumstances that includes higher education.

<sup>38</sup> Our Goals, page 3 Strategic Plan 2015-2018.

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80. The Panel asked about this and was informed that the Minister does provide for looked after children at university, both in Jersey's UCJ and at UK universities. Since 2009, nine young people have been assisted in such a manner. Some have accessed UCJ in Jersey and others have taken off island university places in various UK establishments.<sup>39</sup>

81. During the workshops, and within some of the written submissions received, the public informed the Panel that they had difficulty working out what they were entitled to. The Panel looked at the information available and agreed that there were difficulties in understanding exactly how much grant could be expected. It is apparent that the Minister needs to make the information more user friendly to assist in family planning.

82. **KEY FINDING:** Many of the Jersey families who spoke to Scrutiny find it difficult to work out their student grant entitlement

83. The concept of an on-line calculator has been proven in many other areas including income support entitlements, bank loans at differing interest rates and time periods and numerous other areas of everyday life. It would assist the people of Jersey enormously were the Minister to create an online calculator for parents of current and future students to be able to work out their entitlement.

84. **RECOMMENDATION:** The Minister for Education should provide an on-line calculator, that allows families to understand their entitlement and that is flexible enough to change as policy is amended, with immediate effect.

### 13. Other Options

85. The Panel has not overlooked the fact that university study is not for everyone. Not all pupils at school hold the expectations or desire to attend university<sup>40</sup> nor do some have the academic acumen. Those points are not forgotten, however, as this review is looking at student financing, it has been focussing on students entering higher education.



86. The Panel is very aware that most of its focus has been on the majority of students, those who are of recent school leaving age. However, adult and mature

<sup>39</sup> Numbers provided to Scrutiny but withheld due to data protection issues.

<sup>40</sup> Report from Resilience Development. Appendix 2.

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students must also be included in any prospective solution that is examined.

### 14. University College Jersey

87. Jersey has the 'University College Jersey' (UCJ). Based at Highlands, this institution provides degree courses and is linked with various UK universities depending on the course being provided. There are also connections with Jersey Business School (JBS) and the Department for Health and Social Services (affiliated with the University of Chester) for some nursing courses. In 2015, UCJ provided for about 185 tertiary level students,<sup>41</sup> 109 of which were students registered with education<sup>42</sup>.



*University College Jersey*

88. The Panel recognises that UCJ offers a suitable product for those who wish to stay in Jersey. Some who were studying away stated that they would have stayed in Jersey had there be the suitable choice of subject.

89. During the workshops, much praise was sung for UCJ. Others were of the opinion that UCJ is for those who cannot afford to go off-Island and that somehow the qualification received is of lesser value than that from elsewhere.

90. The Panel adviser explains the reality that the qualification received from any institution carries weight beyond the academic value, usually based on such

<sup>41</sup> Figures as per advisor report.

<sup>42</sup> Number supplied by UCJ.

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## Tertiary Education: Student Finance

vagrancies as the prestige of institutions<sup>43</sup>. UCJ must work on improving that perception and certainly, the Minister for Education needs to carry that particular torch.

91. Until the Jersey student is able to make choices to go to places other than UCJ, based on issues not related to finance, the problems of prestige will remain with UCJ. It is, and will remain for many, the 'default option' first, the optimal place to study second.
92. **KEY FINDING:** Rather than being the optimal place to study, for issues relating to finance, University College Jersey has the reputation of being the 'default option'.
93. The Panel recognises the good work that has and is being done by the Minister and staff at UCJ to enhance the current choice of courses (Listed in appendix 5). However no matter what is done, the choice will always fall short of the needs of all islanders. For many reasons (discussed in the adviser's report) it will always be necessary to study in places of excellence elsewhere. That may be directly related to choice of institution, but may equally be due to the requirements for a chosen career path. For example, would Jersey ever have enough students of archaeology to justify running a course here?<sup>44</sup> Probably not.
94. As suggested in the adviser's report, consideration might be given to encourage other Channel Islanders to use UCJ or even to encourage other Islands to collaborate in the creation of a combined university provision<sup>45</sup>. It is recognised that places such as the Isle of Man for example, have similar issues and collaborative working may reap dividends.
95. **KEY FINDING:** Increasing the provision of University College Jersey ALONE is not a viable option to provide for the needs of all island students. Similarly, arranging provision with other overseas locations will only help at the margins.

## 15. Student Loan Scheme

96. A large proportion of the submissions received by the Panel and the overall opinion voiced at the two workshops was that some form of 'Student Loan' should be available to finance university attendance.
97. The opinion was that at the very least, there should be a loan scheme to enable students from Jersey to pay the fees required by Universities in England. Of course,

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<sup>43</sup> Para 70. Appendix 1.

<sup>44</sup> According to one attendee of the Student Workshop, Archaeology was being studied by three Jersey students in a UK university at the time.

<sup>45</sup> Para 67. Appendix 1.

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maintenance costs have to be recognised as significant as well, in order to meet costs such as rent in accommodation, food and subsistence etc. while studying.

98. The reality of such schemes has been reviewed in other jurisdictions and the adviser's report details how numerous other places deal with this issue<sup>46</sup>. It is notable that numbers of students in many of the areas such as Guernsey and the Isle of Man, examined by the adviser, are reducing since the changes in charging in 2012.
99. The Panel heard from a local pressure group, Jersey Student Loans Support Group (JSLSG) at a public hearing. JSLSG recognised that the Education Department invests significant amounts of money into primary and secondary education and achieve good results as a result of that investment. However once children have completed 'A' Level standard education, there is little support available for those wishing to undertake university degree courses. Not all have access to a full grant and even a full grant fails to meet the total cost of university education.
100. Regardless of access to the grants, according to students and some parents spoken to, the ability to attend university rests upon the ability or will of the parent to pay. The wishes of the Jersey student appears to be irrelevant to the process, whereas similar students in most other jurisdictions are treated as adults and afforded the autonomy to forge their own futures. The students at the workshop stated that they feel disempowered and at a disadvantage to their associates in the UK universities.
101. JSLSG sees some form of student loans system as a realistic, long-term solution to the present problem. It would provide the student with the autonomy to decide what and where they study without the complication of others making those decisions based on finance rather than academic ability or career aspirations. Accepting the responsibility of debt was considered a reasonable trade-off by those who attended the workshops.
102. **KEY FINDING:** Many parents and students in Jersey, who either spoke to the Panel or made written submissions, want some form of loan scheme.
103. It is understood that approaches have been made by Jersey Education staff to the company that deals with all student loans in England, the Student Loan Company. The Panel was informed that there is no possibility of Jersey students being able to use that company for student loans.
104. The main barriers to using the UK student Loans System is that it is not provided for within U.K. legislation. Loans may be granted to UK citizens or citizens from the EU. Therefore Jersey students are totally ineligible under the law.

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<sup>46</sup> Para 49. Appendix 1.

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105. In addition, the recovery of the loans is administered through the UK tax system, by directly extracting the payments from the pay of the student once they meet the repayment criteria. That would provide another barrier to Jersey students accessing the loans.



**Student  
Loans Company**

106. However, the Panel notes that no talks have taken place with the UK at a political level to investigate the issues.<sup>47</sup> Unless the matter is examined and discussed at a political level with the UK, it cannot be said that all avenues have been exhausted to finding a solution.

107. **KEY FINDING:** No talks have taken place with the UK at political level in relation to removing the blockages for Jersey students entering the UK loans scheme.

108. It is of some concern to the Panel that any form of student loan scheme appears to have been dismissed out of hand by the Minister for Treasury and Resources, who gave two reasons for this:<sup>48</sup>

- that it would adversely impact Jersey's public finances
- that it would not be prudent

109. The Panel has seen nothing to evidence those assertions. Further information on this issue can be found in the adviser's report<sup>49</sup>.

110. The Minister for Treasury and Resources stated during the hearing:

*"Of course Ministers and departments do work together but it is ultimately the responsibility of the department to develop their policy."*

111. The Panel considers this to be an attempt by the Minister to absolve himself of any responsibility for the resolution of a serious Island-wide financial issue that, the evidence collected during the review suggests, is causing immense financial pain to families in Jersey.

112. The Panel accepts that the English loans system may have faults that the Island would not wish to replicate. It is accepted that some form of hybrid system may be most appropriate for Jersey. The adviser's report deals with some options<sup>50</sup>. The

<sup>47</sup> Public Hearing with the Chief Minister. 24<sup>th</sup> January 2017

<sup>48</sup> Public hearing 9<sup>th</sup> December 2016

<sup>49</sup> Para 118. Appendix 1.

<sup>50</sup> Para 76. Appendix 1.

# Education and Home Affairs Scrutiny Panel

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main point is that a solution needs to be found to bring assistance to many families in Jersey and to do this will mean the Ministers working together.

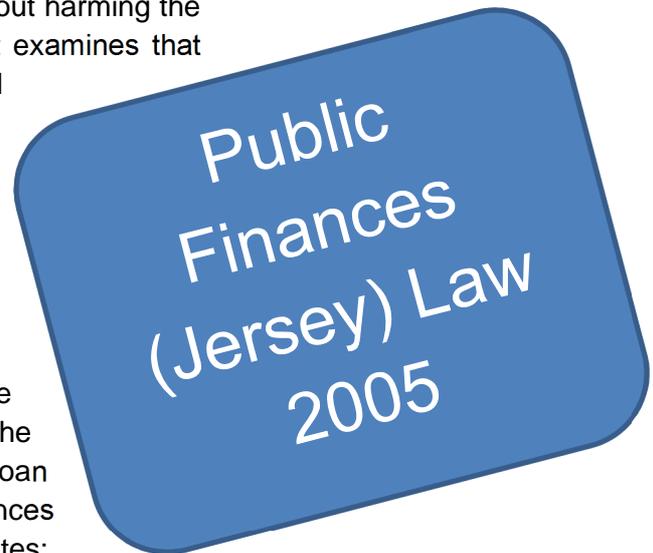
113. The Panel recognises that there are answers available. They involve difficult decisions, but the sticking point to date does not seem to have been the complications of the problems as much as the complete lack of any political will to resolve the issues.

114. **RECOMMENDATION:** The Chief Minister must ensure that the Council of Ministers Sub-Committee is tasked with finding a solution to the problems of financing students through university, must consider some form of student loan system.

### 16. States Borrowing to fund a Student Loans Scheme

115. If a loan scheme is the answer, then the problem concerning the Minister for Treasury and Resources, is how to do it without harming the islands public finances. The adviser's report examines that issue<sup>51</sup> but clearly, if some fundamental change such as a change in the Public Finance (Jersey) Law is required to allow relief for the problem, then that must be examined seriously. The Panel has seen no evidence that any proper investigation has taken place in that area.

116. In view of the recent agreement to borrow large amounts of money to fund the building of the new hospital, further borrowing to fund a loan scheme could be outside the Public Finances (Jersey) Law 2005 due to article 21 which states:



#### **21 Borrowing by the States**

(1) *Except as provided by this or any other enactment, the States may not borrow money except in accordance with a decision of the States made on a proposition lodged by the Minister.*

(2) *The decision may specify the assets of the States that may be used to secure the loan.*

<sup>51</sup> Para 119. Appendix 1.

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- (3) *The States shall not authorize any borrowing if it would permit the total amount borrowed by the States at that time to exceed an amount equal to the estimated income of the States derived from taxation during the previous financial year.*
- (4) *In calculating the total amount borrowed by the States for the purpose of paragraph (3) there shall not be taken into account –*
- (a) *any amount borrowed from a third party by a company owned or controlled by the States; and*
- (b) *the liability of a company owned or controlled by the States under any guarantee or indemnity given by the company.*
- (5) *Regulations made by the States on a proposition lodged by the Minister may –*
- (a) *(left blank in the Law)*
- (b) *prescribe certain transactions or classes or types of transactions by the States that would otherwise amount to borrowing by the States not to be borrowing for the purposes of this Law.*
- (6) *Financial directions may be issued giving instructions and guidance on Regulations made for the purpose of paragraph (5)(b).*

117. In 2007, P.52/2007, Student Loans for Higher Education: Introduction and P.53/2007, Student Loans for Higher Education: Guarantees, asked the States to decide whether they were to introduce a Student Loan Facility and to authorise the Minister for Treasury and Resources to guarantee loans made under the Jersey Student Loans Scheme in accordance with Article 24(1) of the Public Finances (Jersey) Law 2005 to a maximum outstanding limit of £10 million for an unlimited time period. These Projets were debated on 6<sup>th</sup> June 2007 and were both agreed by a large majority.

118. This Panel therefore considers that the principle of loans has been accepted by the States, albeit that the loan amount at that time was set at a maximum of £1,500 with £10m agreed as guarantees. The Panel considers that the mechanism is therefore already available and would need amending to allow larger loans to be available in order to meet today's needs.

## 17. Political Action Required

119. During the public hearings held by the Panel with the Minister for Education and the Minister for Treasury and Resources, it was made very clear that each Minister considered the problem to be in the domain of the other. The Minister for Treasury and Resources stated that the Minister for Education should find a resolution and bring it to him for action.<sup>52</sup> At the Hearing with the Minister for Education and his officer it was revealed that they were educationalists and not finance people.<sup>53</sup> As this was a finance problem, the Minister for Treasury and Resources should resolve

<sup>52</sup> Page 9 Transcripts of Hearing 9<sup>th</sup> December 2016.

<sup>53</sup> Hearing of 13<sup>th</sup> January 2017

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it. Neither accepted that they were beholden to the public to work together as appropriate to find the solution.

120. The Minister for Education seemed to recognise the extreme difficulties that families were enduring but the Panel is concerned that this message did not come across from the Minister for Treasury and Resources, who appeared determined that, if there was a problem, any solution should be cost free and should not include a loan scheme<sup>54</sup>.

121. The Panel interviewed the Chief Minister at a public hearing<sup>55</sup> who accepted that:

- there were significant and serious difficulties for a large number of families in Jersey as a result of Ministerial policies relating to student finance;
- the two Ministers had not been working together and;
- the situation was building significant problems for the future of the island in relation to skill sets and perhaps immigration.

122. The Panel also heard that the Chief Minister had set up a new Sub-Committee of the Council of Ministers with a remit to find a solution for the problem.

123. **KEY FINDING:** During the period that this review was running, the Chief Minister created a Sub-Committee of the Council of Ministers tasked with finding a solution to the funding problems being suffered by Jersey students and families.

124. The Panel recognises that this is a step towards finding a solution and that as this is a new committee, it has no formal terms of reference at this time<sup>56</sup>. However, the remit is clear and the Panel will be keeping a close watch on the progress of the committee to ensure that progress is made.

125. **RECOMMENDATION:** The Chief Minister must ensure that the Council of Ministers Sub-Committee created to resolve the problems of financing students through university, should publish its terms of reference, specify a deadline for the work to be concluded and present its recommendations to the States in the form of a report.

## 18. Investment in Tertiary Education

126. In undertaking this review, the Panel has recognised that Jersey needs a skilled workforce. That means having available people who are sufficiently qualified to undertake the duties that businesses require. In many cases that means people educated to degree standards. It should be considered that the States of Jersey itself requires a large quantity of degree holders for very many of the positions within the States that are required to run the public services of Jersey.

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<sup>54</sup> Hearing 9<sup>th</sup> December 2016.

<sup>55</sup> 24<sup>th</sup> January 2017

<sup>56</sup> 1<sup>st</sup> March 2017.

## Education and Home Affairs Scrutiny Panel

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127. The table within paragraph 30 of the adviser's report shows that in 2012/13, Jersey had a total of 1369 students registered by the Education Department. In 2015/16 there were 1133. This is counter to the trends in most other jurisdictions examined, particularly in the UK.



128. It may be harsh to directly blame current Ministerial policies relating to student finance as being instrumental in reducing numbers of young people taking degree courses, however, there have been no significant changes in policy to alleviate the financial problems which have arisen since university charges were increased so dramatically in 2012. That is an observation that is concurred with by the Panel adviser in his report.<sup>57</sup> The Chief Education Officer told the Panel:

*"We have got no evidence other than common sense but we are assuming that the cost of going to university without a loan is obviously a deterrent."<sup>58</sup>*

129. A lack of locally qualified individuals will clearly draw in suitable candidates from outside the Island. This will place further strain on any population policies that may exist and in turn push up the overall population of the Island further.

130. The graph reproduced in section 9 above on Gross Domestic Product, very clearly shows how Jersey's spending of 0.27% of GDP compares with jurisdictions that OECD measured. There are strong arguments that the lack of investment contained within current policy disadvantages the students from Jersey, the island economy and the prospects for a financially rewarding society in the future<sup>59</sup>. Clearly, Jersey is significantly underinvesting in the area of tertiary education.

<sup>57</sup> Para 28. Appendix 1.

<sup>58</sup> Page 7 Transcript of Public Hearing with Minister for Education 13<sup>th</sup> January 2017.

<sup>59</sup> See advisor Report appendix 1.

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

### APPENDIX 1.

#### Adviser's Report

Education and Home Affairs Scrutiny Panel  
Tertiary Education: Student Finance

## **Review of Student Financing**

Report to the Education and Home Affairs Scrutiny Panel

undertaken by

Bahram Bekhradnia

President, Higher Education Policy Institute

**February 2017**

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

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### Executive summary

1. Jersey has been the collateral and unintended victim of the UK government's decision to require students to pay fees to cover the entire cost of their university education, while providing loans to enable them to pay those fees. Loans are available to UK and EU students, but not being a member of the EU students from Jersey are not eligible for these loans. They have to pay the entire cost of the £9000 plus fees from their own (or their families') resources. The consequent financial burden on students from Jersey has meant that large numbers are finding it very difficult – and increasing numbers impossible – to attend university. The numbers continuing their education has been declining despite a stable – and indeed a slightly growing – cohort of the relevant age group and an increase in the number of pupils taking A-levels.
2. The Jersey government has responded by providing grants for fees and maintenance on a means tested basis, and a loan of £1500 for all students. But these are limited both in the amounts provided and in terms of eligibility: despite the availability of these grants increasing numbers of young people and others are not pursuing their education. The Education and Home Affairs Scrutiny Panel decided to investigate this question in November 2016.
3. Both Jersey's student numbers and investment in tertiary education<sup>60</sup> are low in international terms. In terms of student numbers, it has a gross enrolment ratio of just 31% (roughly the proportion of the age group participating in higher education) which is slightly more than half that of England which itself is one of the lowest in Europe. In terms of finance the £9.97 million per year of public money provided for higher education amounts to just 0.27% of GDP - less than half that of the worst performing country in the OECD (South Africa). In other respects, too Jersey performs less well than any other in Europe.
4. It is difficult to be precise about the number of students from Jersey participating in higher education. For good reasons the Education Department keeps records only of those who have applied for support or who have registered with them for other reasons – there is no way that it can be expected to know what others are doing. University College Jersey had 185 tertiary level students in 2015, while the Education Department had just 109 students registered at UCJ. And the Higher Education Statistics Agency in England has records of 1475 Jersey domiciled students in the UK, which compares with the 1012 students known to the Education Department. Small numbers are known to be studying elsewhere, both in Jersey and outside. On the basis of reasonable assumptions, it is estimated that in 2015 there were 1785 Jersey domiciled tertiary education students in total – both those registered with the Education Department and those not.

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<sup>60</sup> Tertiary education is defined by the World Bank as post-secondary education of a standard at least of ISCED 5b which itself equates to a standard at least equivalent to the first two years of a Bachelor's degree. Effectively 'higher education' can be regarded as a subset of 'tertiary education' and in this report, for convenience, the terms 'tertiary education' and 'higher education' are used interchangeably. (see <http://www.uis.unesco.org/Education/Documents/isced-2011-en.pdf>)

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5. As regards Finance for tertiary education, the total invested directly in 2016 amounted to £9.97 million (£9.63 million approved fees and maintenance support provided on a means tested basis plus £0.34 million provided to University College Jersey). In addition, £2 million extra has been added to the budget in 2017 for fee support, and the £3.5 million per year in foregone tax income as a result of the tax benefit received by parents who incur education expenditure should also be regarded as a government contribution to tertiary education, albeit indirect. In effect the tertiary education budget in 2017 taking all these into account is £15.5 million
6. The Education Department has considered a number of options for resolving the situation and enabling students from Jersey to pursue their education. These include
  - Extending provision at University College Jersey
  - Seeking arrangements with universities in countries other than the UK
  - Coming to arrangements whereby students can pursue part of a programme within Jersey and part in a partner university abroad.
7. These are all approaches that should be pursued. However, worthwhile as they are, they will not do other than improve the situation at the margins. For various reasons, some better than others, the UK, and England in particular, will remain the destination of choice for the great majority of Jersey students and a means needs to be found to enable students from Jersey to attend universities in the UK. That will cost money.
8. Among the options for raising the resources needed to increase expenditure on higher education to a level that will resolve the situation are
  - An increase in general taxation
  - A savings scheme (Individual Learning Accounts) that enables parents to save for their children's education, possibly with matched funding from the government
  - A graduate tax
  - An employer graduate levy (a contribution from employers for each graduate that they employ).
9. The scale of the additional funding required means that it is unlikely that all the necessary funds can be provided from these sources. Students themselves will need to contribute, and it is right that they should: a reasonable principle that guides most financing system is that the beneficiaries of higher education should all contribute to its cost, and that includes the Government (and possibly employers) and also students themselves. But they must be enabled to do so, and that is why most jurisdictions now look to a government provided loan scheme to enable students to contribute to the cost of their education and repay the loans after graduation.

# Education and Home Affairs Scrutiny Panel

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10. In order to provide loans governments have generally borrowed the necessary resources to lend on to students. The Jersey Government has hitherto resisted introducing a Jersey loan scheme, arguing among other things that the borrowing required for this would damage the national accounts. That does not have to be so – government borrowing to provide loans for students is matched by an asset that is created in the form of the repayments that are due. It is well understood that borrowing of this kind is an investment – as distinct from borrowing in order to meet current expenditure obligations – and the experience of England and Australia has been that their countries' creditworthiness has not been adversely impacted – and indeed the Government in England has recently announced its intention to sell part of the student loan book, thereby emphasising its asset value.
11. The penultimate section of the report discusses a number of the practicalities of a loan scheme, including:
  - Measures taken in other jurisdictions to minimise default
  - Deciding on the extent to which loans should be subsidised
  - Administration of a loan scheme
  - If loans are provided by third-party bodies, whether and if so how guarantees can be given – either by parents or by the Government itself, again drawing on international experience.

and it concludes that none of the issues are intractable, and indeed all have been resolved elsewhere. The issues are not technical, but political.

12. In any case, the arguments against a loan scheme (including its legality under present legislation) need to be set against the alternative of continuing with the present situation whereby increasing numbers of young people are being prevented from pursuing their education. The decision that is needed is a political one about the relative benefits and associated problems.
13. In the final section the report illustrates two scenarios, both involving the establishment of a student loan scheme. In the first government expenditure on tertiary education increases from the presently planned £15.5 million per year (including the income foregone as a result of the tax allowance for education expenditure) to £23.5 million per year (which would still be at the lower end of other countries in Europe), and student numbers increase to 2500. That would allow a fourfold increase in numbers at University College Jersey as well as an increase in numbers studying abroad; it would enable the Government to increase the grants that it provides on a means tested basis for fees and maintenance as well as to provide loans to all students not in receipt of grants; and it would also enable the Government to subsidise about 50% of the cost of student loans. In order to do so it would need to borrow up to £145 million on the money markets reaching a steady-state after 12 years.

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14. The second scenario would keep government expenditure at the presently planned level of £15.5 million, with a reduced number of 2000 students. On this scenario numbers at University College Jersey would still increase fourfold but numbers studying abroad would reduce. The government would be able to increase the grants that it provides on a means tested basis for fees and maintenance as well as provide loans to all students not in receipt of grants. It would also enable the government to subsidise about 42% of the cost of student loans. In order to do so it would need to borrow up to £106 million on the money markets reaching a steady-state after 12 years.
15. These examples have been provided not because they represent the right way for Jersey to go in detail, but to show that a student loan scheme would be possible and viable. And indeed, without something along these lines it is difficult to foresee a satisfactory resolution to the present difficulties.

### Introduction & background

16. Jersey has only limited tertiary education provision of its own – mainly public but private too – and the great majority of young people from Jersey pursuing tertiary education do so in the United Kingdom, very largely in England. A small number go to other countries as well.
17. In England a fee of £3,000 per year was introduced in 2006 and was increased in 2012 to £9,000 per year<sup>61</sup> and now stands at £9,250; and while English and EU students were able to benefit from a government provided loan these loans were not available to students from Jersey: Jersey is not a member of the EU. This has given rise to some considerable difficulties for parents and students in Jersey. The Jersey Government has responded by providing grants and loans, but these are widely regarded as inadequate to meet the need, and the Education and Home Affairs Scrutiny Panel decided in November 2016 to review current policy and practice with regard to student financing.
18. I was appointed to advise the Panel, and I have taken as my brief broadly to:
  - Review current arrangements in Jersey
  - Describe arrangements in a number of comparator jurisdictions
  - Describe alternative approaches to providing support to students pursuing tertiary education
  - Describe how these different approaches might appropriately be applied in Jersey.
19. In the time available it not been possible to provide a full analysis nor offer a detailed description of mechanisms, but my intention has been to provide the analysis and describe the

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<sup>61</sup> Cambridge, Cardiff, Warwick Universities and Imperial College in fact charge Jersey students full international fees, rather than the £9,000 (now £9,250) home fee

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alternatives in sufficient detail to enable judgements to be made about the present arrangements and also to begin to form a view about which approaches might be most suitable in Jersey's context.

### Current arrangements

#### Educational Provision

20. Highlands College has long made some tertiary education provision, most recently establishing University College Jersey (UCJ) within Highlands in order to do so, and offers degree programmes in Business, Business and Finance, Computing for Business, Social Science, Construction, Sports Management and Child Care and Early Years in partnership with Plymouth and South Bank universities whose degrees it awards. In nearly all cases students take a two-year foundation degree followed by a one-year BA or BSc top-up degree at University College Jersey. In addition, a number of private providers of professional programmes are active on the island providing for small numbers of students.
21. In 2015<sup>62</sup> University College Jersey provided for about 185 tertiary level students. Most students from Jersey, though, study abroad – the great majority in the full range of UK universities ranging from the most prestigious to the more modest. Information from the Education Department also reveals that in addition to those in University College Jersey and elsewhere within Jersey, students from Jersey attended at least 35 institutions in 14 countries; and there may well be others in countries and universities not known to the Department.

#### Numbers

22. The precise number of Jersey domiciled students is difficult to establish because the Government only keeps records of those who have applied for support – no records are kept of those who have not, and there does not seem any obvious way for the Department to collect information about students who decide to pursue activities without informing them about what they are doing. The Education Department reports that in 2015 there were 1204 students registered with them. The precise numbers recorded by the Education Department are shown in Table 1 below:

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<sup>62</sup> In order to enable consistency 2015 is used as the reference year in this report, that being the most recent year for which all sources have reported.

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**Table 1: student numbers studying in different jurisdictions recorded by the Education Department**

<b>Studying in</b>	<b>Registered with Education Department</b>
Jersey	154 (of whom 109 in University College Jersey)
UK	1012
EU	13
USA	8
Australia	9
Other	8
<b>Total student population</b>	<b>1204</b>

Source: Response to FoI request

23. However, it is known that a significant number of students pursue tertiary education without having applied for support from the Government. The Higher Education Statistics Agency (HESA) in England record 1475-students domiciled in Jersey who attended universities and other colleges of tertiary education in the United Kingdom in 2015 – 46 per cent more than the 1012 recorded by the Education Department.
24. Similarly, University College Jersey’s records show 185 tertiary level students, 70 per cent more than the 109 recorded by the Education Department as studying there.
25. Students studying in the UK and University College Jersey account for the great majority of Jersey domiciled students. However, the Education Department has records of 38 studying in other countries, and in addition to those studying at University College Jersey it has records of 45 studying at other tertiary level institutions within Jersey. There is no accurate way of knowing how many are studying who are not known to the Education Department, but given that the figure in the United Kingdom is 46 per cent and at University College Jersey is 70 per cent more than that recorded by the Education Department – and given that the numbers in other jurisdictions and institutions are relatively very small – it seems reasonable to inflate the numbers recorded by the Education Department in such institutions by 50 per cent, giving an approximate (probably maximum) figure of 57 outside Jersey and the UK, and 68 in institutions within Jersey other than University College Jersey . On this basis, and as a working figure, it is

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assumed here that there are 253 Jersey-based and 1,532 non-Jersey based tertiary level students – 1,785 tertiary level students in total<sup>63</sup>.

### Finance for tertiary education

26. There are two sources of public support available to students whether inside or outside Jersey:

- Means tested tuition fee support and maintenance grant is available to help meet the cost of fees and also the cost of living. The maximum support available to students from a family whose total household income is £26,750 per year or less covers their entire fee (less £1,500 for which a loan is available – see below), and provides maintenance grant of £5,500 per year, tapering to the payment of tuition fees and reducing maintenance grant support for students whose family income is between £26,750 and £53,900 and tapering fees only support for those from families with income between £53,900 and £90,950. No support for either fees or maintenance is available for students from households with income greater than £90,950.
- In addition, since 2012 all students have been entitled to a loan of £1,500 per year to assist meet the cost of fees. Eligibility for this loan is not means tested. The loan is repaid over 5 years after graduation and the first repayments are beginning to be made. This loan is intended to cover the minimum £1,500 that students themselves are expected to cover of their costs, and since its introduction 884 students have taken loans, with a total lent out of £2.7 million. The current maximum liability carried by the States is £8.9 million

27. Total direct government expenditure on tertiary education (including higher education) was ££9,973,312 in 2015<sup>64</sup>, as is Shown in Table 2 below:

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<sup>63</sup> The 1785 estimated students includes tertiary level students of all ages and pursuing all tertiary education – including postgraduates, foundation degree students etc.. It is a figure that includes students who would not be registered with the Education Department because they fall outside the eligibility for funding which is the Education Department's primary interest in registration. As with all other countries, the Jersey Education Department cannot be expected to have records of what young people are doing, other than those in which it has an administrative interest. The difference between the numbers recorded by UCJ and HESA on the one hand and those recorded by the Education Department on the other implies no criticism of the Education Department.

<sup>64</sup> it should be noted that there is one unusual feature of arrangements in Jersey which serve to conceal the true public investment in tertiary education. Parents who pay fees for their students to attend tertiary education institutions can count these fees as a tax allowance. This of course means that the means tested support which focuses public investment on students with financial need is balanced by what is effectively a government contribution (in the form of foregone tax) – providing disproportionate benefit to the better off (who have benefited less or not at all from the means tested grant). There is in effect a substantial dead weight cost in this arrangement, with substantial support being given to many who do not seek it.

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**Table 2: government expenditure on tertiary education in 2015**

£ 9,629,000	Approved Fees and maintenance support provided on a means tested basis
£ 344,312	University College Jersey
£9,973,312	Total budget for tertiary education

Source: Page 51 of the States of Jersey Annex to Financial Reports and Accounts 2015, supplemented by analysis provided by Highlands College and the Education Department<sup>65</sup>

### Analysis of Jersey's performance

#### Participation in Tertiary Education

28. Both Jersey's student numbers and investment in tertiary education are low in international terms. The World Bank produce a statistic that permits tertiary education participation to be compared between jurisdictions – the Gross Enrolment Ratio (GER), which is defined as the total number of tertiary students as a proportion of the 18 – 22-year-old age group. The Gross Enrolment Ratio is a peculiar statistic because it takes as the denominator an entire five-year population and uses as the numerator all students participating in tertiary education – this means that if a population is rapidly growing it overstates performance and if declining it understates it. It is, though, widely used, and does enable the performance of different countries to be compared.
29. With a total student population estimated to be 1,785 (see above), and an 18 – 22 population of 5730<sup>66</sup> Jersey's gross enrolment ratio is 31.2 per cent. This is one of the lowest in Europe – not much more than half that of England's GER of 56 per cent and less than half the EU and OECD averages of 65 per cent.
30. Moreover, the number of students participating in tertiary education has been reducing in recent years. The number recorded by the Education Department as applying for support over the past 10 years is shown in Table 3 below – reducing from 1538 to 1133 – a reduction of over 25 per cent.

<sup>65</sup> Analysis by Highlands College and the Education Department of the indirect spend on tertiary education from the £12.03 million shown in the States of Jersey Annex to Financial Reports and Accounts 2015 as "Budget for Further, Vocational and Tertiary Education". In addition to this are the grants for fees paid by students at UCJ, included in the figure of £9,629,000.

<sup>66</sup> Figure provided by Statistics Unit

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**Table 3: number of students registered by the education department 2006-7 to 2015-16<sup>67</sup>**

Year	Jersey	UK	Other	Total
2006-2007	158	1375	5	<b>1538</b>
2007-2008	95	1328	4	<b>1427</b>
2008-2009	35	1286	17	<b>1338</b>
2009-2010	32	1252	23	<b>1307</b>
2010-2011	78	1196	30	<b>1304</b>
2011-2012	118	1196	24	<b>1338</b>
2012-2013	130	1201	38	<b>1369</b>
2013-2014	161	1137	32	<b>1330</b>
2014-2015	146	990	34	<b>1170</b>
2015-2016	155	948	30	<b>1133</b>

Source: Higher Education Funding: Presented to the States on 10<sup>th</sup> May 2016 by the Minister for Education

31. This sharp reduction has occurred at a time when the number of young people in the population has been more or less stable, and is expected to remain so – if anything increasing slightly over the 10-year period to 2021, as illustrated in Table 4 below.

**Table 4: 17 and 18 year olds in the population 2012-2021**

Age	Year-end estimates				Year-end projections					
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
17	1,090	1,170	1,150	1,170	1,170	1,090	1,170	1,110	1,210	1,200
18	1,130	1,080	1,160	1,150	1,160	1,160	1,080	1,160	1,100	1,200
<b>Combined</b>	<b>2,220</b>	<b>2,250</b>	<b>2,310</b>	<b>2,320</b>	<b>2,330</b>	<b>2,250</b>	<b>2,250</b>	<b>2,270</b>	<b>2,310</b>	<b>2,400</b>
Year onYear Change		1%	3%	0%	0%	-4%	0%	1%	2%	4%

Source: Chief Statistician, States of Jersey – privately provided analysis

32. And HESA have supplied data that tell the same story. Table 5 shows that the number of Jersey-domiciled students in the UK reduced by 10 per cent from 1645 in 2012-13 to 1475 in 2015-16 (HESA data are for all years, so the proportionate decline in the number of students entering tertiary education for the first time in 2014–15 will have been much larger than the 10 per cent decline shown here).

<sup>67</sup> Note: after 2008, a number of Highlands courses were taken out of student finance as they were not HE related.

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**Table 5: HESA data for the number of Jersey-domiciled students studying in the UK<sup>68</sup>**

	2012-13	2013-14	2014-15
Jersey	1645	1570	1475

Source: Higher Education Statistics Agency, privately provided analysis

33. Yet at the same time the number of pupils with A-levels has been increasing, as is shown in Table 6 below.

**Table 6: number of school pupils taking A-levels 2014-16**

2014	2015	2016 <sup>69</sup>
426	472	485

Source: Jersey Government Press Notices<sup>70</sup>

34. There is a notable discrepancy between the increase in A-level success of 14 per cent over the past three years and the decline in tertiary education participation in the UK of 10 per cent and in those applying to the Education Department for support of 25 per cent over the past 10 years. This suggests strongly that significant and increasing numbers of well qualified young people are failing to participate in tertiary education, from an already relatively low base. It is also indicative of an increasing number participating in tertiary education without even seeking government support.
35. Jersey's social and demographic profile would make it among one of the most privileged areas of the UK, notwithstanding the fact that there is disadvantage and social deprivation on the island too. But given the relationship between social background and education attainment one would expect the performance of young people in Jersey to be well ahead of the average for England and to match the best. As it is, at 57.5 per cent the proportion of young people in Jersey taking Level 3 examinations compares to 63.9 per cent for England as a whole. However, this bare statistic conceals the fact that a larger proportion of young people from Jersey take academic Level 3 exams. The deficiency is entirely in the take-up of vocational provision, where

<sup>68</sup> HESA data for 2015–16 are not yet available

<sup>69</sup> NB: 2016's figures are provisional due to the outcome of appeals about A level/Level 3 results not yet being known for all schools. This could make a difference if a student awarded a U was subsequently regraded with a pass grade. 2016's final results are due to be published in March 2017 as part of the department's data publication schedule.

<sup>70</sup> <https://www.gov.je/SiteCollectionDocuments/Government%20and%20administration/R%20A-level%20and%20other%20level%203%20examinations%2020160303%20KF.pdf> ; and <https://www.gov.je/News/2016/pages/AlevelResults2016.aspx>

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the participation of pupils in England is almost twice that in Jersey - something that the Chief Education Officer has identified as a priority for improvement.

36. So the relatively low proportion of young people from Jersey taking Level 3 examinations also contributes to the overall low participation of young people in Jersey in higher education. But in any case - whatever the causes - all the evidence points to the conclusion that tertiary education opportunities are not being pursued by young people in Jersey on the same scale as those in other jurisdictions. It is important to note that some of the gap between actual numbers in tertiary education and the numbers that might be expected will be represented by older students, postgraduates and others. But nevertheless it is a reasonable conclusion that if young people from Jersey participated in tertiary education at the same rate as those in the UK (which itself has a relatively low participation rate) then there would be considerably more young people from Jersey benefiting from tertiary education.
37. It is not, of course, possible to be precise, nor to be specific about the reasons why young people and others from Jersey fail (and are failing in increasing numbers) to continue their education in the same way as those elsewhere. But it is difficult to conclude other than that the financial arrangements contribute to this, and that on the face of it a significant and increasing number of young people from Jersey are being denied tertiary education opportunities because of the current financial arrangements.

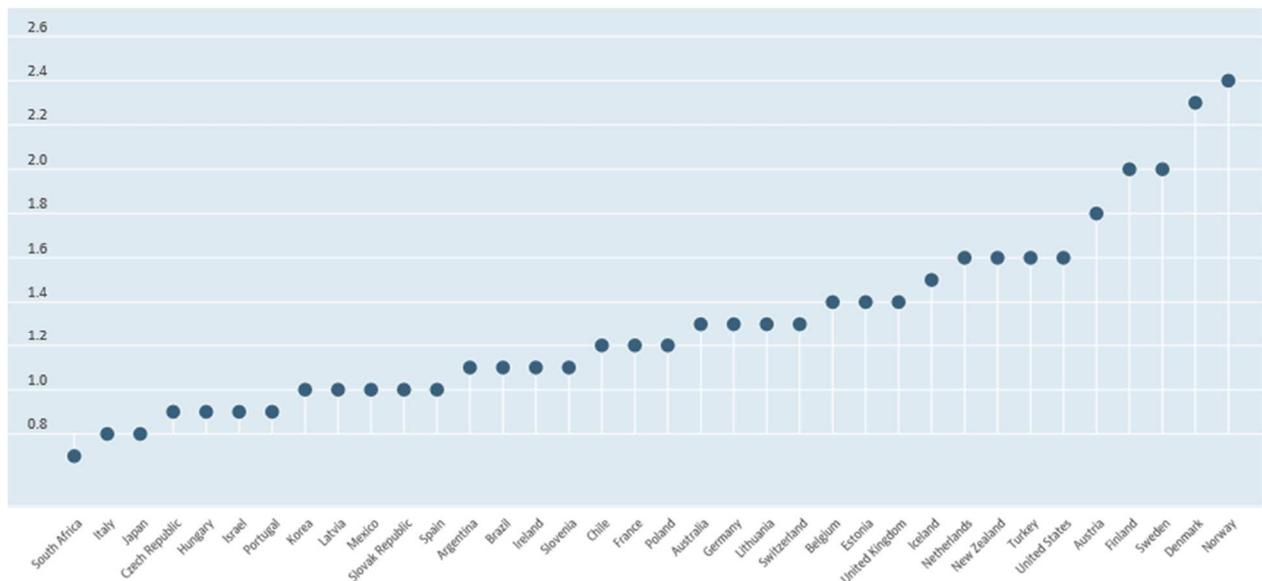
### Financing tertiary education

38. As far as the financing of tertiary education is concerned, one way of considering Jersey's performance is to consider the proportion of GDP devoted to tertiary education by the States and compare this with other jurisdictions. The OECD provide an analysis that permits this in their annual publication 'Education at a Glance'. Figure 1 below is taken from the 2016 iteration of 'Education at a Glance', and shows that the smallest proportion of GDP represented by public expenditure on tertiary education in all the countries studied was 0.6 per cent – by South Africa. But even this low figure is more than double the 0.27 per cent of GDP devoted to tertiary education from public expenditure in Jersey.

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Figure 1: Public spending on tertiary education, % of GDP, 2013<sup>71</sup>



Source: OECD Education at a Glance

39. Another way of looking at the question is, again, provided by the World Bank which provides a statistic that enables comparisons – the amount spent per tertiary education student as a proportion of per capita GDP. The advantage of this statistic is that, because it is relative, it takes account of the different stages of development of different countries.
40. With a total tertiary education budget of £9.973 million and a student population of about 1,785, Jersey spends about £5,587 per tertiary education student. This is about 15 per cent of the £37,000 GDP per capita that Jersey currently enjoys. This figure of 15 per cent compares with England's equivalent of 36 per cent and an EU average of 24 per cent.
41. As with the Gross Enrolment Ratio and the percentage of GDP devoted to tertiary education, the amount spent in Jersey per student as a proportion of per capita GDP is well below the lowest in the EU. What is more, that is despite the relatively very small number of students in Jersey. If the number of students were closer to that which might be expected of a country at Jersey's stage of development, then the amount currently spent per student as a proportion of per capita GDP would be even lower.

### Consequences

42. It is remarkable that about a third of students from Jersey participate in tertiary education without any public support. Most study in England, and the cost to their families, taking living costs and student fees into account, is close to £20,000 per year or nearly £70,000 over the

<sup>71</sup> OECD Education at a Glance 2016 - <https://data.oecd.org/eduresource/public-spending-on-education.htm#indicator-chart> - accessed 27 December 2016

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course of a Bachelor's degree (the average length of study for a bachelor's course in England is just over 3.3 years). However, it is clear from the responses to the consultation conducted by the Scrutiny Panel that many of those who do access government support find the level of support inadequate to enable them comfortably to allow their children to participate in tertiary education. Some are able to do so only with considerable difficulty and some not at all.

43. The responses to the consultation provided many examples of the consequences of the present arrangements. Many parents have had to mortgage their family houses in order to raise the money to pay for their children to go to university, and many of those without homes to mortgage have been unable to raise the funds to enable their children to continue their education. Others have had to deny their children the opportunity of progressing with their education for other finance-related reasons. And yet others have had to choose between their children, because they lacked the means to enable all of them to benefit to the same extent. A number explained that while they had thought that they would be able to enable their children to go to university because they had obtained government grants, the reality was that the costs were too high, and even with the grants that had been provided they were unable to do so.
44. There appear to be two main problems:
- First, the thresholds for support are very low indeed. Household income of £26,750 a year – a figure that has fallen well behind inflation<sup>72</sup> - is well below the average income level
  - Second, the level of support available to those who can access it is inadequate in some cases to enable students to participate in tertiary education – of those going abroad only a minority have access to maintenance support, and even for those who do £5,500 per year is wholly inadequate to cover living costs. The National Union of Students in England has calculated that the minimum required to live as a student in England is about £13,500 in London and £12,000 outside London, and the maximum loans for maintenance available from the UK Government are £11,002 and £8,430 respectively. This contrasts with the £5,500 per year available from the Jersey Government.
45. Another indication that present levels of support are too low is that £1.4 million of the £9.6 million budget for student support in 2015 was unspent. Clearly large numbers of potential students are failing to take up the grants that are available to them, and the strong likelihood is that the reason for this is that even with the grants that they might be able to obtain higher education is unaffordable.
46. It is difficult from this analysis not to draw two conclusions:
- First, Jersey is investing considerably less in its young people than might be expected

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<sup>72</sup> The Student Loan Support Group has calculated that if the threshold figure had increased in line with inflation it would now stand at over £42,000

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- Second the present financial arrangements contribute to a large number of young people from Jersey being denied tertiary education opportunities.
47. Apart from social considerations and considerations of equity, one consequence of this is that, at a time when it is seeking to limit immigration, Jersey will be more reliant on highly skilled immigrant labour than would otherwise have been the case; a large number of the better paid positions in Jersey will be taken by non-Jersey citizens; and the wealth of Jersey citizens will therefore be adversely affected. This of course has implications for the distribution of income and wealth, but that is a matter of political choice. Another consequence is that Jersey risks becoming unattractive to out of island firms considering establishing themselves in Jersey. Increasingly, high value businesses require graduates (there may be arguments about whether they should, but the reality is that they do), and if there is a perception that Jersey lacks a sufficient number of high calibre graduates then these businesses will be deterred from locating in Jersey.
48. The increased fees were announced in England nearly 7 years ago, and brought into effect five years ago, and the impact on Jersey and its young people has been predictable. It is ironic though that changes that were intended to ensure that no one in England should be unable to participate in tertiary education because of the circumstances of their parents (by making loans available) should have had the reverse impact in Jersey.

### Other jurisdictions

49. In the course of this review I examined arrangements in a number of other jurisdictions, which may be of interest for Jersey.

### Guernsey

50. There are no universities on the island, and the majority of Guernsey-domiciled students study in the UK, suffering the same problems of high fees and inability to access financial support as those from Jersey. As in Jersey, students who attend universities outside Guernsey receive means tested government support towards both maintenance and tuition fees. In assessing eligibility for the means tested support not only parental income is taken into account, but 2.1 per cent of parents' total assets are added into the reckoning. All students – even those from the wealthiest backgrounds – obtain at least a minimum of £100 of support.
51. Guernsey, like Jersey, has a modest spend on tertiary education, amounting to just £4.7 million both in 2016 and 2017, almost all of which is used to provide fee and maintenance support to about 675 students (out of the 960 students reported by HESA as studying in England – and there will undoubtedly be a small number of others in other countries, so like Jersey one third of all Guernsey students participate in tertiary education without any support from the Government).
52. Guernsey's GDP is around £2.355 billion, and with a population of 63,000 it has a GDP per capita of £37,380, very close to Jersey's. Its spend per student therefore amounts to £4,896 -

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something like 13.1 per cent of per capita GDP, rather lower than but similar to Jersey's 15 per cent. And the percentage of GDP spent on tertiary education amounts to 0.2 per cent, compared to Jersey's 0.27 per cent.

53. After the introduction of the £3,000 fee in England (but before the fee was increased to £9,000) Guernsey considered and decided to implement a student loan arrangement similar to that which existed in England. However, elections were followed by a new Assembly which decided against implementing such a scheme. This was reviewed by the Education Department in 2012, which recommended to the Assembly that this decision should not be changed. One of the considerations leading to this decision was that the Government would need to raise £12 million per year for three years before repayments began to be made – with a continuing commitment for a longer period before repayments began to match the loans that were being provided.
54. There have been proposals to establish a “University of the Channel Islands” in Guernsey for some time, but nothing, apparently, has come of this so far. This venture is a private initiative from “Susan Jackson Associates”, and an enquiry of Susan Jackson elicited the response that the matter was “currently being revised by a States of Guernsey working party”. Nothing more is known about this venture except that it includes a proposal to establish a medical school in Jersey.

### Malta

55. Malta is not a wealthy country. Its GDP per capita is £17,772 which is less than half that of Jersey. And it has a population of 423,000, which is almost exactly 4.25 times that of Jersey. Malta has a well-established public university with something approaching 11,500 students, including over 1000 overseas students and postgraduates. The 2015 budget contained £54.43 million for the University. In addition, according to HESA 895 Maltese students attend English universities. The Maltese Government does not have any information about students attending university outside Malta, but they believe very few attend institutions outside the UK and Malta itself. So a total student population of about 11,500 seems reasonable to assume. The University of Malta does not charge fees to Maltese students, but Maltese students may benefit from government grants for maintenance while at university, and in 2015 €27.7 million (£23.7 million) was spent on maintenance grants.
56. Malta's public expenditure on tertiary education (£23.7 million for maintenance grants and £54.4 million grant to the University – £78.1 million altogether) represents over 1 per cent of GDP, about 4 times that spent by Jersey. And expenditure per student as a percentage of per capita GDP is about 38 per cent, compared to about 15 per cent in Jersey.

### Gibraltar

57. Gibraltar has a population of 30,000 and is relatively wealthy, with a GDP £16.3 billion and GDP per capita of £49,419. Historically Gibraltar students have pursued their tertiary education

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in England, and the great majority continue to do so. Since the introduction of fees in England, like other students from EU countries, students from Gibraltar have been eligible for a loan from the UK Student Loans Company to cover these. However, The Government repays the entire fee loan on behalf of all students, and on top of that it provides a grant for maintenance to each student of £6,000 per year, regardless of where they study.

58. A recent development has been the establishment of the University of Gibraltar – a public university that admitted its first students in 2015. It is intended that this university should have only very limited undergraduate provision and should be very largely focused on Masters and PhD study together with research. It currently has 300 students of whom 100 are from outside Gibraltar most of whom are postgraduate students. The university is entirely publicly financed (there are no fees) and the initial three-year budget was set at £10 million of which £6 million was for capital and initial start-up and the balance for the first three years of running costs. It is intended that the University will continue to be publicly funded in the long-term.
59. Taking together the number of students studying in the UK (about 800) and the 200 at the University of Gibraltar, there are about 1000 students altogether from Gibraltar. The Gibraltar government provides about £15,000 per year in grants to students studying in the UK to cover both their fees and a contribution towards maintenance, and it gives a maintenance grant of £6000 to each student in Gibraltar – about £12.1 million altogether. In addition, it provides a grant of £10 million over three years to the University of Gibraltar, an average of £3.3 million per year. So the government of Gibraltar is providing roughly £15.4 million per year for higher education.
60. Gibraltar's public expenditure on tertiary education of £15.4 million represents about 0.94 per cent of GDP, more than three times that spent by Jersey. And expenditure per student as a percentage of per capita GDP is about 31 per cent, compared to about 15 per cent in Jersey.

### Isle of Man

61. The Isle of Man is similar in many respects to Jersey. It is a little smaller with a population of 88,500 and a slightly higher GDP at £4.51 billion and a GDP per capita of £51,000. It has a well-established college with ambitions to develop into a university, but with such a small population there is recognition that as with Jersey the majority of students will continue to study in England as they do now. At present the college has fewer than 200 students pursuing tertiary education programmes, and HESA report 1390 Isle of Mann students in England. As with Jersey as well it makes grants available to students to pay fees on a means tested basis and all students are entitled to a loan of £2,500. In addition, both grants and means tested loans are available to assist with maintenance.
62. The Isle of Man government spends £10.72 million per year on student grants and about £2.41 million per year on the college (£2.03 million direct expenditure and £0.38 million as a contribution to the indirect costs). So with a £13.13 million spend on tertiary education the Isle of Man's public spend on tertiary education represents 0.29 per cent of GDP – very similar to

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Jersey's 0.27 per cent. And at £8,258 per student it spends about 16.2 per cent of per capita GDP for each student – again, very similar to Jersey's spend.

63. So Jersey is not alone in experiencing problems as a result of the increase in tuition fees in the UK. The Higher Education Statistics Agency have provided data concerning the numbers studying in England with domiciles in each of these jurisdictions. Table 7 below shows that other than Gibraltar the other jurisdictions– Guernsey, Isle of Man, and Malta – have also experienced a downturn in student demand since the increased fees were introduced in 2012. All are finding it challenging to find a way of enabling their young population to participate in tertiary education in the light of the changed circumstances. It is notable that Gibraltar, which regards expenditure on tertiary education as an investment rather than as an expense, has maintained the number of young people studying in the United Kingdom despite the increased cost (considerably increased cost, in fact, in view of the Government's policy to provide all students with a grant to pay the fees that are charged).

**Table 7: Student numbers in the UK between 2012 – 13 and 2014 – 15 from selected domiciles**

Domicile	2014/15	2013/14	2012/13
Guernsey	960	945	980
Jersey	1475	1570	1645
Channel Islands (not otherwise specified)	30	35	55
Isle of Man	1390	1475	1535
Gibraltar	800	790	730
Malta <sup>73</sup>	895	980	1015
<b>Total</b>	<b>5545</b>	<b>5795</b>	<b>5955</b>

Source: Higher Education Statistics Agency, privately provided analysis

### Options for the future - provision

64. Jersey could continue to do as it has been doing it in the past, limiting expenditure but also limiting opportunities. The problem is that fees will continue to go up in England and fewer and fewer students will probably be able to take advantage of tertiary education if present arrangements continue unchanged. However, that would be a legitimate political choice. This chapter and the two following discuss alternative approaches to enabling the Jersey Government to provide enhanced support in order to enable a greater number of Jersey's

<sup>73</sup> The figure from Malta is not comparable with the others, as Malta, unlike the others, has a well-established undergraduate university.

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young people to continue their education, should that be the course adopted, and alternative approaches to financing these.

65. In the initial analysis two assumptions are made:

- Latent tertiary education demand in Jersey is similar to that in other countries at a similar stage of development. The UK has a Gross Enrolment Ratio of 56 per cent – one of the lowest in Europe. A Gross Enrolment Ratio of 56 per cent would amount to around 3,200 students compared to the approximately 1,725 students at present. Given the numbers at present, that would represent an increase of 85 per cent which, particularly given the somewhat unsatisfactory nature of the Gross Enrolment Ratio statistic, may be an overstatement (but remember that the GER covers all tertiary education, including postgraduates and mature students). Until there has been some experience of enabling demand fully to be met, it seems more prudent to assume current latent demand of around 2,500
- The resources made available to meet that demand will increase to something between 25 per cent of per capita GDP for each student (£10,000), and 0.6 per cent of GDP (£22 million) - which would be well below the European average<sup>74</sup> and the lowest recorded by the OECD<sup>75</sup> respectively. Assuming 2,500 students, that implies public expenditure on tertiary education of between £25 million and £22 million – a figure of £23.5 million is used here. Clearly, if less is available fewer students will be provided for, or the approach will need to be modified in some other ways to accommodate the level of resources.

66. Assuming that some change is desired, there are a number of approaches, most of which have been considered by the Education Department and were discussed in the Education Minister's report to the States Greffe in May 2016. It is unlikely that any one will provide a panacea. This present chapter discusses some of these, and the following chapters discusses the resources that would be required and how they might be acquired.

### Building up University College Jersey

67. Options for the future should certainly include developing University College Jersey to provide more local options for students, and to avoid the present situation where young people have no choice but to go abroad to study the majority of subjects because local options are not available to them. It is notable that Malta and Gibraltar both have local universities (though Gibraltar's is primarily focused on postgraduate provision).
68. Given the size of the local population, there would probably be merit in seeking collaborative development – for example joining with Guernsey in the creation of its proposed Channel Islands University, which could be a development of University College Jersey. However, such a

<sup>74</sup> The average recorded by the World Bank for the OECD area is 31.6%, which is also the average figure recorded for the European Union

<sup>75</sup> The smallest proportion of GDP represented by public expenditure on tertiary education in all the countries studied by the OECD was South Africa's 0.6 per cent

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university could only be very small: it would be unlikely to attract many students from outside the Channel Islands, and many – perhaps the majority – of local students will continue to prefer to study elsewhere. And a university of that size will be unable to make the full range of provision made by larger institutions, or could only do so at uneconomic cost.

69. More realistic and perhaps with greater benefit, would be to establish more collaborations with UK universities to offer a larger number of degree programs, in some cases with part being provided in University College Jersey and part on the mainland. Such approaches would reduce the cost of maintenance, certainly, and would have some impact on the level of fees (depending on what could be negotiated with mainland universities<sup>76</sup>). However, in this context it is also worth mentioning that those universities on the mainland that are likely to be willing to come to an arrangement with University College Jersey are unlikely to be among the most prestigious.
70. Clearly University College Jersey is highly regarded within Jersey and was well spoken of during the consultation. But developing provision at University College Jersey, while worthwhile in its own right, will contribute only to a limited extent to the resolution of the problem. Apart from anything else, as was pointed out in some of the responses to the consultation, overseas universities tend to have greater prestige – and thereby confer greater opportunities on those who have attended them – even if the quality of the provision is no better. Consultation responses addressed this, and the opinion was expressed that it would be intolerable if students from less well-off backgrounds were limited to local less prestigious education, with only wealthy young people having access to overseas universities with greater prestige and which provide greater opportunities.
71. Despite these objections developing local provision is certainly something that should be pursued. The reality is that locally provided high quality education will offer opportunities to young people – especially those from less privileged backgrounds - who might not otherwise be able to afford the cost of studying elsewhere despite any support that might be available, even if levels of support are increased. It will also enable older people who have embarked on a career to retrain and update their skills. As the job market becomes more dynamic and unstable, it is essential to have such a capacity readily available.
72. In 2015 University College Jersey provided for just 185 tertiary level students at a cost of £344,312 in direct government grant, plus a government contribution to the fees of about 109 students. It would be perfectly realistic to contemplate a fourfold increase in student numbers with a commensurate increase in directly provided grant to £1.4 million.

### Agreements with universities outside the UK

73. The Education Department has had discussions with universities in other countries, and these continue. Certainly, it is the case that English universities charge fees greater than those in any

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<sup>76</sup> Given Brexit and the likely loss of significant numbers of European students, some UK universities may be amenable to special arrangements to ensure a flow of students from Jersey – but this should not be taken for granted and is probably unlikely.

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other public university system in the world. So it is certainly worth expanding the range of options available to young people from Jersey beyond UK universities. However, such arrangements are unlikely to contribute substantially to a resolution of the problems currently being faced:

- The greatest costs incurred when studying in the UK relate to the living costs, and these will be as great if not greater in other countries
- While many countries now provide some undergraduate programmes in the English language, these are still very limited, and the language of instruction will be a barrier to the majority of students; or the programmes available to them will be limited to those provided in English
- It is likely that many young people – perhaps the majority – would find the cultural barriers to living and studying outside the UK too great to contemplate. While the language barrier might be overcome if English were the language of instruction, the problem of living in a country whose language and customs are unfamiliar might be too great for many
- Whether rightly or wrongly, UK universities have greater prestige than those of others in Europe, as witnessed by the far larger number of international students than in any other country in Europe who are willing to pay fees even greater than those charged to UK and EU students. Many would regard having to attend universities in other countries as second-best.

74. Nevertheless, it is worth continuing efforts to come to arrangements with universities in other countries, but such arrangements are unlikely to make a difference to the core problem except at the margins.

### Enable more students to attend UK universities

75. For reasons discussed above – some better than others – most students from Jersey in the future are likely to continue to pursue their tertiary education in England. That is where the problem has arisen and there is no sign that the problem will go away. Fees in English universities are unlikely to reduce, and the UK government is unlikely to make any concessions to students from Jersey in respect of access to loans provided by the Student Loans Company. Although some of the other measures discussed above may have an impact at the margins, the reality is that tertiary education for the majority of students from Jersey will continue in the future to be provided in UK universities and plans for the future will need to address that reality.

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### Options for the future - financing

#### Currently available resources

76. None of the options described above – apart from doing nothing – are cost free. If the present problems are to be addressed, money will have to be found. GDP income per capita in England is just under £32,300. By contrast in Jersey it is £37,000. In Malta where GDP per capita is less than half that of Jersey and the population is just under 425,000 - about four times that of Jersey – the country has an 11,000 student university. Gibraltar has a population of just 30,000 – less than one third that of Jersey – and devotes considerably more to tertiary education
77. These comparisons are made not to suggest that there is something wrong with Jersey's approach, but to show that jurisdictions with very different circumstances – some more wealthy and some less – are able to make very much better provision for their young people.
78. In his appearance before the Scrutiny Panel the Treasury Minister was keen to look at new ways of doing things within the existing public funding envelope. That is to be welcomed, and there are indeed measures that can be taken that would help – such as developing provision at University College Jersey - but such measures alone are unlikely to impact significantly on what looks like a serious public funding deficit.
79. As discussed above, a budget of £23.5 million would be required for Jersey to approach the levels of investment in tertiary education of other Western countries. Almost £15.5 million is available from within the present budgetary arrangements, as follows:

- The present budget devoted to tertiary education £9.97 million
  
- The increased amount already budgeted for tertiary education for 2017, which, it has been announced, will be used to increase the repayment thresholds. There is a strong likelihood that the present low take-up of tertiary education opportunities is in part related to the present low thresholds for eligibility for support: if so then the increased thresholds will lead to increased demand and greater pressure on the budget, notwithstanding its increase. That remains to be seen. £2 million
  
- The amount forgone by the Government in tax revenue arising from the higher education tax allowance. Both standard rate and higher rate taxpayers benefit from this, higher rate taxpayers deriving significantly greater benefit. The government forgoes £3.5 million in tax income each year as a result, about £735,000 from higher rate taxpayers £3.5 million

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and the balance from basic rate payers. Removing the allowance would need to be carefully introduced as parents have built its availability into their financial planning. Nevertheless, there is significant deadweight in the present arrangements – assistance effectively being provided to people to go to university who would be able to afford to, and would have done so – and indeed already do so – without such assistance. In terms of tertiary education policy, it would be more effective for the Government to receive the tax income and itself to decide on its use. Effectively that could add £3.5 million – over 25 per cent – to the tertiary education budget.

80. With nearly £15.5 million available and £23.5 million required, there would remain £7 million to be found from general taxation, a graduate tax, an employer levy or otherwise.

### Full funding from general taxation

81. Clearly it would be possible for higher education to be entirely provided for from general taxpayer funding. Although the number of jurisdictions relying on a fully publicly funded model is diminishing as demand for higher education increases and as demands grow for public support for other services, there are nevertheless some countries that have moved in the opposite direction. Germany, for example, has replaced student fees supported by loans with an entirely publicly funded higher education system; and Chile has announced its intention to move in this direction but economic realities have so far prevented that.

#### Advantages

- If the finance were available fully to fund from general taxation all students who wished to study, that would obviously and at a stroke remove the problems that an increasing number of families have faced in Jersey of funding their children through higher education
- In the eyes of many higher education, as with other phases of education, is a “right” and should be regarded as a public service to be funded entirely by the Government.

#### Disadvantages

82. The disadvantages with an entirely publicly funded sector have been rehearsed in other jurisdictions and provide the reasons why an increasing number are moving away from this model.
- It is suggested below that one of the principles that should guide the development of a funding model is that all the beneficiaries should contribute. The country as a whole is undoubtedly a beneficiary, but so are students themselves as, arguably, are

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employers. A model that does not require some contribution from students would breach that principle

- Related to the above, tertiary education is not like school education that is taken up by everybody. Higher education confers privileges on those who undertake it – in general they end up with better, and better paid, jobs; and it is unfair that those who do not have that advantage should be paying for those who do; and conversely it is fair that those who do have that advantage should contribute to its cost
- More pragmatically, a problem with an entirely publicly funded sector, as has been discovered in many other countries, is that such an approach leaves students vulnerable to political choices and/or economic ups and downs (whether real or perceived)
- It is argued that in systems that rely entirely on public funding the number of students that are provided for is limited by the amount of public funds made available: widening participation is jeopardised and in general it is the poorer sections of society that will find that the opportunities available to them are reduced. Spreading the load of financing means that the resources available to the Government can go further, more young people can be provided for and taxpayers' contributions can be better focussed on those who need it.

### Individual learning accounts (ILAs)

83. As with loans, discussed below, Individual Learning Accounts provide a mechanism for the cost of education to be shared between the public purse and the other beneficiaries of tertiary education (primarily parents in this case, on behalf of their children). Parents can start saving for their children's tertiary education at an early age and the Government can match what parents put in – with a greater or smaller contribution. Such an approach was referred to in the Education Minister's May 2016 report.

#### Advantages

- The availability of a saving scheme explicitly for tertiary education encourages parents to plan early for the eventual costs that they will incur
- As with student loans, to the extent that the Government contributes, that contribution is matched or more by private contributions.

#### Disadvantages

- The wealthier the parents the more they will be able to afford to save; and the children of the poorest parents will find at the age of 18 that they have less opportunity to go to university than others

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- If the Government matches parental contributions then the wealthiest parents – who will be likely to contribute the most – will receive the largest public subsidies, adding to the problem of deadweight
- Probably more important at present, it will be many years before ILAs can contribute significantly to the cost of education.

84. Notwithstanding the disadvantages, as a long term measure ILAs have something to commend them. In particular, they ensure that public investment is geared – every pound of public expenditure is matched or more with private investment. And indeed public investment only occurs when private investment occurs.

### Graduate Tax

85. I am not aware of any system in the world where a tax is levied on individuals simply by virtue of their having undergone a tertiary education. But such an arrangement is theoretically possible and has been widely discussed in a number of countries, including England, Australia and Ireland. Indeed, the income contingent loan arrangements in England and Australia (see below) have many of the features of a graduate tax: graduates repay only when earning, repayments are taken through the tax system and the amount repaid each month is a percentage of earnings over a threshold. The concept is simple. Those who have benefited from tertiary education are identified and subjected to a surtax of however many per cent is decided upon, which they then pay to the Exchequer as part of their normal weekly, monthly or annual tax assessment.

### Advantages

- A graduate tax is regarded by many as more progressive than a loan and repayment system because it would mean that those who benefit the most from tertiary education by earning higher salaries will pay more, whereas in a fee and income-contingent loan arrangement those who earn less take longer to repay their loans, building up the interest due, and in many cases end up paying more than higher earners
- A graduate tax enables the country to invest and then recoup its investment from those who have benefited the most
- If the graduate tax arrangement includes past graduates as well as future graduates (but see below under “disadvantages”), then arguably that adds another dimension of fairness, and means that the liability would be spread among a larger population, enabling the tax rate to be lower
- Once the graduate has been identified as liable, the collection mechanism is straightforward and in place already.

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### Disadvantages

- A principal argument against a graduate tax is that the revenue just goes to general government funds, and there is no guarantee that HE will benefit. In principle hypothecation is possible but many governments find that difficult and there is often strong resistance from finance ministries to hypothecated taxation (but there is no reason in principle why it should not occur). In order to counter the concern about a graduate tax simply becoming part of the general revenue of the Treasury, the National Union of Students in England developed a proposal for a graduate tax, income from which would be placed in a trust fund exclusively to fund tertiary education. That proposal did not dispose of the general objection to hypothecated taxation
- A graduate tax could be levied just on Jersey citizens or on expatriate workers too. It could also be levied either just on future graduates beyond the point at which the new arrangement comes into effect, or on all graduates including those having graduated in the past. The broader approach might appear fairer, but would be fraught with difficulty – future graduates will be relatively easy to identify, but those who graduated in the past, some in the distant past, would be very much more difficult. And as with all taxes there would be a row and possible legal challenge as past graduates and/or expatriates object that they were not alerted to the consequence of going to university or coming to work in Jersey when they did so
- As with fees and deferred repayment of loans, the income brought in by a graduate tax is deferred (or at least is deferred if it applies only to future graduates) whereas the costs to the Government are immediate
- Also, those who go to work abroad upon graduation will (legitimately) not contribute to the cost of the tertiary education from which they have benefited.

### Employer graduate levy

86. Although training levies are relatively common (where employers are required to pay a certain percentage of their payroll for workforce training), I am not aware of any country which imposes a levy on employers in respect of each graduate employed. Nevertheless, it is a theoretical possibility which would be capable of raising significant funds for tertiary education, and which has its own attractions and disadvantages.

### Advantages

- Employers are beneficiaries of tertiary education alongside the country as a whole (represented by the Government) and students themselves. If the principle is that the cost of tertiary education should be spread among the beneficiaries, then logic demands that employers as beneficiaries should also contribute

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- A graduate employer levy would have the benefit of putting to the test the real value and benefit of tertiary education. If employers value the additional contribution, additional skills and knowledge that graduates bring compared with non-graduates, then they will be willing to pay the small additional cost of employing a graduate compared to a non-graduate. This will really put to market test the additional benefits claimed for tertiary education.

### Disadvantages

- To the extent that such a levy would make employing a graduate more expensive, it will reduce the incentive to recruit graduates, and may make graduate unemployment worse (but as stated above, that may only be a reflection of the true value of graduates)
- One of Jersey's unique selling points is that it has established itself as a low taxation environment, and that has been one of its attractions in bringing in foreign employers. Anything that looks like additional taxation – albeit relatively modest in this case – would be inconsistent with this general policy
- Employers might argue that they already contribute to the cost of tertiary education through corporation and other taxes. That argument, however, does not stand up, since, for example, graduates also contribute to the cost of their education through the taxes that they pay; and while corporation taxes in Jersey are low relative to other countries, the costs of tertiary education are no lower, and the benefits to employers are as great.

### A Jersey loan scheme.

87. Given the scale of additional funding required, it is likely that any resolution – if there is to be a resolution – will involve a loan scheme of some sort. While England is unusual in having gone to an extreme position of requiring students to meet the entire cost of their tertiary education from their fees, that is the reality for the majority of Jersey students. The development of a loan scheme to enable Jersey students to pay fees is also the arrangement most respondents raised during the consultation – and is the approach increasingly adopted in other countries.
88. In a loan scheme loans are repaid after graduation either
- On an income contingent basis – that is to say that the amount repaid by the student each month depends on how much they earn. The total debt is not affected by the level of earnings, but the rate of repayment is
  - On a mortgage basis, whereby, as with a regular mortgage, repayments and repayment terms are fixed and the student is obliged to repay regardless of their ability to do so.

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### Income contingent loans

89. Pioneered by Australia, income-contingent loans provide for students to repay after graduating, and the level of monthly or annual repayment depends on how much they earn (hence income-contingent); and there is an earnings threshold below which no repayments are made (which means that those who are unemployed or those taking career breaks do not pay for the duration that they are not working). Since the level of monthly repayment is fixed as a percentage of earnings (in Chile at 5 per cent of total earnings, in Australia up to 8 per cent of total earnings, and in England at 9 per cent of earnings above the threshold) this means that the less a graduate earns the longer he or she takes to repay. It also means that income contingent loans have many of the features of a tax. Since there is a real rate of interest payable, low earners will ultimately repay more than higher earners, though in England there is at present a 30-year limit after which any outstanding loans are forgiven. In Australia and elsewhere there is no such cut-off.
90. The terms of the loan determine the level of non-repayment (for example a high earnings threshold for repayments reduces the amount repaid each month, and if coupled with a cut off will reduce the amount received by the Government); and clearly the interest rate charged has an impact on the cost to the Government (in England it is up to 3 per cent above the rate of inflation with high earners paying a higher rate of interest than lower earners, in Australia it is at the rate of inflation and in Singapore it is at the prime interest rate of the Development Bank of Singapore and is currently about 5.25 per cent).

### Mortgage style loans

91. Mortgage style loans – which appear to be what is envisaged by the Jersey Student Loan Support Group – are more straightforward. The £1,500 loans provided by the Jersey Government at present are mortgage style; and these are also the arrangement most commonly in use in other countries - in Singapore, for example, loans are repaid over 20 years, and these are still the predominant arrangement in the USA although the federal government is now moving increasingly towards income contingent loans. With such loans the Government sets the repayment period and the interest rate, and the borrower is obliged to make regular repayments during the repayment period, whatever their income. While income contingent loans are more attractive from the point of view of the borrower, mortgage loans are preferable for the lender, as repayments are more assured and non-repayment is rarer.

### Issues with loan schemes

#### *Impact of debt*

92. In discussions about loan schemes great concern is rightly expressed about the impact on young people embarking on their adult lives with large loans to repay. It is feared that these could adversely impact family formation, availability of mortgages etc..
93. This is a real concern, but on the other side is the argument that if those concerned did not participate in higher education most would be worse off despite the debt. The problem, of

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course, is those who do not gain benefit but have the debt anyway. One of the arguments in favour of an income contingent loan, rather than a mortgage style loan, is that by relating the amount to be repaid to the amount that the graduate earns, whatever the size of the debt the repayments should be manageable. Under such an arrangement the "debt" becomes more like a tax liability, with the graduate being liable for a higher tax rate until the loan is repaid or until the cut-off point is reached (30 years in England).

### *Impact on participation*

94. Another concern with a loan arrangement is that requiring young people to take loans in order to go to university will reduce their willingness to do so. That seems to be an obvious concern, but there is good empirical evidence from England and Australia that that has not occurred. In England when fees were introduced at £1,000 paid upfront in 1998, when they were replaced by fees of £3000 supported by income contingent loans in 2006 and again when fees were raised to £9,000 in 2010, the increase in fees (and in the latter two cases the implementation of loan schemes) had no impact whatever on participation in the long term. Scotland provided a helpful counterfactual, since fees were not introduced there at the same time as they were in England. The pattern of participation in England and Scotland was virtually unchanged over the period in question. While it is sometimes argued that conclusions cannot be drawn from the English experience because England was experiencing a recession and participation in higher education increases during a recession, the English economy and the Scottish economy were performing in a similar way; and in any case 1998 and 2006 were both periods of economic growth and the recession ended in 2010, well before the trebling of fees in 2012.
95. It seems that while concern about participation is logical and understandable the reality is that, at least when accompanied by a manageable structure for repayment, the extent of the loans they have to take is not a factor that deters young people from participating in tertiary education.

### *Initial finance*

96. With both types of loan, unless parents undertook the initial repayments it would be several years before repayments started to be made and in all cases it would be many years after that before repayments matched and perhaps even then exceeded loans. Where loan schemes have been introduced in England and Australia the Governments concerned have borrowed money on the money markets in order to fund their schemes in the initial years.
97. During the evidence session with the Treasury Minister, he expressed concern that taking this approach might have a deleterious impact on the national accounts; and also that it would be imprudent. Whether it would be imprudent or not is a matter of judgement and local political preference. However, the concern about the impact on the national accounts is not straightforward.
98. In England when the new arrangements were introduced in 2012, one advantage was said to be that government borrowing to provide loans to students did not count towards the public

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sector deficit to the extent that those loans would be repaid – leading the Government to claim that the borrowing was off-balance-sheet (and indeed, as a matter of fact none of that borrowing has appeared in the UK’s deficit figures). The liability created by the borrowings taken by the Government is balanced by an asset in the form of the future repayments the Government will receive as graduates repay their loans. This fact has been recently highlighted by the UK Government’s decision to sell part of the student loan book, illustrating well its value as an asset (whether it is wise to do this is a strongly disputed matter, but that does not impact on the issue that is under discussion here).

99. On the other hand, this borrowing did count towards the public sector net debt – leading others to claim that it was not off balance sheet. As a matter of fact, the UK’s credit rating and cost of borrowing have not been adversely affected despite the very large amount of borrowing that has been necessary in order to provide the loan scheme. The extent to which borrowing for student loans counts towards the public sector deficit or to the public sector net debt is a technical and complicated issue that merits further study, if that remains a concern<sup>77</sup>. And the balance between those considerations on the one hand and on the other the contribution a loan scheme would make towards resolving the present student funding problems is ultimately a political – not an economic – judgement.
100. If it were decided in principle to develop a Jersey loan scheme one refinement that might mitigate the initial cost is the Australian approach (now discontinued) of encouraging students to repay early by offering a 10 per cent early repayment bonus – though such a measure is not without difficulty, since it will be interpreted as a benefit to the relatively wealthy. Another would be to make repayment of the loan a joint parental/student responsibility, so that loans could begin to be repaid immediately (rather than upon graduation), and the initial payments would be the responsibility of the parents, with responsibility for repayment transferring to the student after graduation.

<sup>77</sup> See Office for Budget Responsibility, Fiscal Sustainability Report, London: Office for Budget Responsibility, July 2014, pp169 -174 for a fuller treatment of this question – that report contains the following table:

Flow	Has an impact on:	
	Net debt and net borrowing (National Accounts)	Net liabilities and deficit (Whole of Government Accounts)
Cash spending on new loans	Net debt; not net borrowing	Neither initially, but book is amortised (affects both)
Cash repayments		
Interest on loans	Net borrowing; not net debt	Both
Write-offs		Both upfront (impairment)
Disposals	Net debt; not net borrowing	Potentially both
Government debt interest	Both	Both

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### *Non-repayment*

101. All the systems examined where fees are charged and loans provided – Australia, the USA, England and Chile for example - find it politically necessary to subsidise loans to some extent (though in Chile not all loans are subsidised), and the higher the level of the fee the more generous the loan subsidy tends to be. In England the level of subsidy that was originally considered to be expedient was so great that the entire system was widely agreed to have become unsustainable – studies put the cost to the Government (the unpaid debt) at 45 per cent of the amount owed (far higher than the subsidy originally planned). The Government has since reduced the loan subsidy in order to reduce the cost (the unpaid debt), which is now estimated at about 25 per cent of the debt. But the general point is that a loan subsidy appears to be a political necessity – and the higher the level of loans the higher the subsidy that is politically required. With a lower level of subsidy – although the political difficulties increase - such systems become financially sustainable.
102. In this context, it is important to clarify a misunderstanding. Reference is made to the English experience and the so-called “default rate”, estimates of which are said to have varied from 45 per cent to 25 per cent. The reality is that the “default rate” is not in fact a default rate (although default is an issue – see below) but a non-repayment rate which it is in the hands of the Government to determine. And that in turn is determined by the extent of the subsidy provided for the student loan. So it is that in England in the 2012 reforms the loans were originally not repayable until graduates earned £21,000 and that £21,000 was to be indexed. That fact together with the provision that outstanding loans are written off after 30 years meant that the loan scheme was previously estimated to lead to a government subsidy of 45 per cent – the percentage of loans that will not be repaid. The government quickly concluded that that level of subsidy and non-repayment was unaffordable and so changed the terms, the principal change being that the £21,000 repayment threshold is no longer to increase automatically (essentially the earnings threshold for repayment has been reduced) – and that has contributed to the reduction of the estimate of non-repayment to 25 per cent.
103. In contrast the Australian loan system carries far lower subsidies than the English – although the threshold above which the loan become repayable is much higher than in England (£32,300 compared to the English £21,000) the repayment rate is calculated on the graduate’s entire earnings, not just earnings above the threshold, and there is no cut-off – loans are repayable throughout a graduate’s life. Consequently, loans in Australia are repaid far more rapidly than in England and the non-repayment rate is far lower.
104. So there was nothing intrinsic to loan schemes that led to the unsustainability of the English system, but rather the extent of the subsidy for the loans that the Government chose to provide – and having chosen to reduce the subsidy the scheme is no longer considered financially unsustainable (though whether requiring students to pay the entire cost of their undergraduate education through fees supported by loans is a socially and politically sustainable arrangement is another matter).

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### *Defaults*

105. Defaults proper – that is to say debtors deliberately failing to make repayments when repayments are due – are a (relatively minor) subset of “non-repayments” discussed above, and are a potential issue with any loan scheme. In England most loans are repaid through the tax system, and consequently their repayment is assured, so long as the graduate works in the UK. However, defaults are higher among UK nationals and EU students who leave the UK on graduation, and there must therefore be concern that in any Jersey loan scheme a relatively high number of students who take loans to study away from Jersey may not return, raising questions about potentially high default rates.
106. It is encouraging that the Treasury reports that default rates are relatively low on the current £1,500 loans that are provided to students. Nevertheless, if a loan scheme is introduced some special consideration may need to be given to how to encourage students resident outside Jersey to repay, or otherwise to reduce the cost of defaults. Measures adopted in other jurisdictions include:
- In Germany when fees were charged and loans were available, a view was taken about the likely level of default and the loan attributed to a borrower increased by a percentage to ensure that the student body as a whole covered the cost in excess of this. It was, in essence, a collective insurance. So a student borrowing £5,000 might have had a £5,500 loan marked up against him or her. Although Germany has now moved away from fees and therefore loans, a “collective insurance” approach is one that could be considered
  - In Australia two types of loan are available, and one of them – FEE-HELP which is available to students not eligible for the main loan scheme - is intended to be unsubsidised. For FEE-HELP loans the Government adds a surcharge of 25 per cent – similar to the German ‘collective insurance’ arrangements
  - In New Zealand non-repayment of loans is regarded as an offence, and returning defaulters are detained at the airport on their return. Given that the majority of those who take loans, even if they do not work in Jersey, may at some point wish to return to visit family etc., this might be a potent tool to accompany any Jersey loan scheme
  - In Singapore, where loans are mortgage style and provided by banks on behalf of the Government, parents of students taking loans are required to provide a guarantee for those loans. While it may pose a problem for some families in Jersey to provide guarantees, a loan scheme could be devised either to enable the Government to provide the guarantee on behalf of parents with limited means or, depending on the nature of the financing arrangements, grants could be provided for students of poorer families with loans provided for others whose families are better off and able to provide guarantees.

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### *Administration of a loan scheme*

107. There are three broad approaches to the provision of loans and the receipt of repayments, all of which have examples in other countries. In the United Kingdom the Government has set up a wholly-owned public body but independent of any ministry, to undertake the administration. The Government provided the initial funds to the Student Loans Company, and as money is lent out and payments received the SLC becomes increasingly self-financing. However, the costs and the overhead required to operate such an arrangement are considerable and can only be worthwhile in a large system such as that of the UK.
108. In Singapore, the USA and Germany among others the Government came to an arrangement with local banks to make loans, in some cases subsidised by the Government. In Singapore the Government provides the money as well but the administration of the loans – making the loans and receiving the payments – lies with the banks themselves.
109. While it is understood that the banks that previously administered the existing Jersey loan scheme have, other than in one case, withdrawn and the remaining bank has indicated that it is not interested in becoming further involved, that may be because of the small scale of the present scheme and the administrative costs. It would be worth exploring whether a larger scheme, where the Government might contribute to or pay all of the administrative costs, might be more attractive. It might also be worth having discussions with banks in some other jurisdictions – Germany, Singapore and the USA for example – which are used to operating student loan schemes.
110. Apart from the cost, the main issue that has been mentioned as inhibiting banks from taking on a student loan scheme in Jersey is that they say that their appetite for risk is diminished, and that the risk reward trade-off of such a scheme would be unattractive. It might be different if the Government were willing to guarantee the loans, but the Government's response hitherto has been that that would be in breach of Jersey's legislation. But legislation can be changed if there is the political will to make the change, and as with other aspects of this question, the issue boils down to a matter of political judgement – whether the problems with changing the law to allow the Government to provide guarantees would be worse than the present problem whereby significant numbers of student are unable to participate in higher education.
111. Finally, in Australia the Government itself provides the loans and receives the repayments directly.

### Possible Scenarios

112. Four principles either explicitly or implicitly underlie the approaches to funding tertiary education of most advanced countries:
- Nobody should be deterred from pursuing their education because of unaffordability: education opportunities should be equally available to all

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- The beneficiaries of tertiary education should all contribute to its cost, but not necessarily equally
- Students are adults and should not be dependent on their parents but should be responsible for their share of the cost in their own right. It is they who will benefit from tertiary education and one way or another should contribute to its cost
- The financing system should be affordable and sustainable.

113. As was mentioned above, if Jersey is to come close to providing education opportunities for its young people on the same all scale as other Western nations, and to make financial provision accordingly, student numbers would rise to over 2,500 - possible over 3,000 - and tertiary education expenditure would rise to around £23.5 million - both figures still modest by the standards of most other comparable jurisdictions but nevertheless ambitious given Jersey's starting point. No assumption is made here about the provenance of the additional £8.5 million of public funding, but it could be a combination of general taxation, a graduate levy on firms, and/or a hypothecated tax which might be in the form of a graduate tax surcharge.

114. Some of this increased demand could be met within Jersey by expanding University College Jersey, and by making arrangements with universities in other countries; but the majority would choose to study in England.

115. University College Jersey at present provides for about 185 students and is keen to provide for more, and there is no reason why it should not. There are reasons, rehearsed above, why it cannot be assumed that it will play the major role, but it is assumed here that it will increase its numbers to about 750 – four times the present. That would leave 1,750 students to be provided for elsewhere in Jersey, in the UK or elsewhere abroad. No allowance is made for students studying in other lower cost jurisdictions such as France, but to the extent that there is increased take-up in such countries then that would have some impact on cost (though given that half the cost is for maintenance it would not have as great an impact as would otherwise be the case).

116. In order to be able to study a student needs to be able to live as well as pay their fee. Whether or not a student has fee support available to them, if they cannot live then they will not be able to go to university. The cost of maintenance has to be regarded as part of the cost of tertiary education. It may be treated differently from fees and provision may be made differently, but it has to be part of the reckoning. It is here assumed that fees in England are £9,250 per year and that the cost of maintenance is £10,750.

117. If the Government were to provide fee and maintenance grants for all students that would clearly be unaffordable – it would also be unnecessary. There are present 500 or more students who do not even apply to the Government for support (either because they are ineligible under the current rules or because they choose not to for other reasons), the majority studying in England. But even excluding these, it would be unrealistic to expect the Government to provide

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in full for the rest. Nor would it be right if the principle of shared responsibility is accepted. But if students are to shoulder their share, they must be enabled to do so. It is difficult to conclude other than that a Jersey loan scheme of some sort will be required.

118. That has been resisted so far by the Government, and as mentioned above in his evidence session the Treasury Minister gave two reasons against a Jersey loan scheme:

- That it would damage the national accounts (and might be illegal) for the Government to borrow the sums required in order to make student loans
- That it would not be prudent.

119. I have argued above that these considerations are not absolute but a matter of priorities – and the former depends also on a view about how borrowing to finance a loan scheme should be treated in the national accounts. Ultimately the decision must be one of political and social priorities, and a view about whether the objections outweigh the alternative – for the young people of Jersey to be denied opportunities available to young people in other countries, and on a large scale; and also for the country to fail to make a key investment that is required to enable it to develop its economy from its own resources rather than rely on immigrant labour.

120. That last point is worth emphasising. Borrowing to invest is not the same as borrowing to spend. Almost everywhere in the world now governments, anxious to develop knowledge economies, are treating investment in tertiary education as essential<sup>78</sup>. The development of loan schemes is increasingly regarded as key to enable that.

121. It is assumed here that a loan scheme will eventually be introduced – without one it is difficult to see how the circle can be squared.

122. What follows is not a blueprint for Jersey – that is not within the scope of my remit. However, the scenario shown in Table 8 below is intended to give an indication of how demand could be met in a way which is affordable both to the public purse and to students themselves, drawing on experience in other countries and consistent with the principles of shared responsibility discussed above. It is emphasised here that the figures of 2,500 students and £23.5 million of public expenditure are used not because those are necessarily the correct figures for Jersey. They have been used here because these are figures that would put Jersey within reach of the mainstream of Western countries.

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<sup>78</sup> There is a considerable body of research evidence that suggests that there is a payback to governments from investment in higher education. See for example "the importance of universities to Australia's universities" by Deloitte Access Economics (<https://www.universitiesaustralia.edu.au/Media-and-Events/commissioned-studies/The-Importance-of-universities-to-Australia-s-prosperity/The-importance-of-universities-to-Australia-s-prosperity#.WIDkq4XXkFA>), or "Education Indicators in Focus" from the OECD (<http://www.oecd.org/edu/skills-beyond-school/Education%20Indicators%20in%20Focus%206%20June%202012.pdf>)

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123. Of the 750 attending University College Jersey it is assumed that

- Two thirds would have their fees paid for them by the Government
- One third<sup>79</sup> would receive loans for their fees (assumed to be £6,000).

124. Of the of the 68 students attending other Jersey-based institutions this simulation assumes that all would receive loans to cover their fees, which are assumed to be at the same level as those at University College Jersey

125. This simulation also assumes that the 482 students who at present study abroad without any support from the Government will in future be eligible to receive loans to cover their fees (assumed to be £9,250 per year).

126. Of the remaining 1,200 students studying abroad it is assumed that

- Two thirds would receive a grant to cover their fees up to £9,250, and would also receive a loan of £10,750 per year for maintenance
- One third would receive a loan for the entire cost of fees and a loan of £5,375 per year for maintenance.

127. So on this model all students (including postgraduates and others not at present eligible for support) would receive grants or loans to cover fees and some students would also receive loans to cover their maintenance costs. However, nothing in these assumptions is fixed. The numbers in each category could be different; and a different mixture of grants and loans could be accommodated, all within the same funding envelope. It is assumed too that the Government's contribution to University College Jersey for tertiary education provision would increase fourfold as its student population increases fourfold, but this assumption could be modified as well.

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<sup>79</sup> For ease of modelling here and elsewhere sharp cut offs of two thirds and one third are assumed. In reality of course it is likely that eligibility and the amount available would be tapered.

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## Tertiary Education: Student Finance

**Table 8: Scenario 1 – simulation of financing of 2,500 students with £25 million of public expenditure**

Total Students from Jersey						2,500		
Total public funds available in future						23,500,000		
		Students	Grant for fees	Loan for Fees	Loan for Maintenance	Insitutional	Total	
		No.	£	£	£	£	£	
UCJ* institutional support						1,395,859		
UCJ grants for fees	500	3,000,000			-			
UCJ loans for fees	250		3,000,000					
Other Jersey loans for fees	68		408,000					
Abroad full maintenance support	800	7,400,000		-	8,600,000	-		
Abroad partial maintenance support	400			3,700,000	2,150,000	-		
Abroad no maintenance support	482			4,458,500		-		
<b>Totals</b>	<b>2,500</b>	<b>10,400,000</b>	<b>11,566,500</b>	<b>10,750,000</b>	<b>1,395,859</b>	<b>34,112,359</b>		
<b>Loans to students for maintenance &amp; fees</b>								<b>22,316,500</b>
Government Expenditure								
Insitutional grant to UCJ						1,395,859		
Grants to students for fees						10,400,000		
Available for Loan subsidies			52%	of the loans made each year		11,704,141		
<b>Total Government Expenditure</b>								<b>23,500,000</b>
*UCJ at present provides for about 185 students, most of whom who pay fees of £6,000 per annum; and in addition it receives Government grant of about £0.344 million. These figures have been pro-rated here								

128. It should be noted that some of the 482 students who study abroad are very likely to be postgraduate students, and if so the fees shown here will be understated. As these are likely to be a very small proportion of the total, this complication is treated as de minimis.

129. The £23.5 million government contribution would have three purposes

- Direct grant support for University College Jersey (£1.4 million)
- Providing grants on a means tested basis for fees (£10.4million)
- Providing a subsidy for loans (£11.7 million).

130. In this example, the Government's subsidy of the loans - £11.7 million – is 52 per cent of the £22.32 million in loans to be provided each year – this is effectively the non-repayment rate. If a loan scheme is to be introduced, then the Government would need to consider what its contribution to the cost of loans (the subsidy) should be and structure the arrangements accordingly. For example, if it wished to spend more of its funds on direct support of students and less on subsidising the loans then it could do so by changing the loan terms, to ensure a

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higher return. That is what has happened in England in order to reduce the non-repayment rate from 45 per cent to 25 per cent.

131. As will be seen from Table 9 below, assuming a mortgage-style loan with a 10-year repayment period, the loan book reaches steady state in the twelfth year, with a maximum borrowing requirement of £145 million (assuming the Government decided to borrow in order to finance the loan scheme). Of course this can be reduced, and the loan book can even be made positive, with changes to the repayment terms and the rate of interest that is charged. Here it is assumed simply that the rate of interest is such as to ensure the Government's contribution (the loan subsidy) is held at £11.7 million per year.

**Table 9: Loan book balance for Scenario 1 (in £ millions)<sup>80</sup>**

Annual loans	22.32											
Year	1	2	3	4	5	6	7	8	9	10	11	12
Paid out in year	7.44	14.88	22.32	22.32	22.32	22.32	22.32	22.32	22.32	22.32	22.32	22.32
Received in capital repayments				2.23	4.46	6.69	8.93	11.16	13.39	15.62	17.85	20.08
<b>Balance</b>	<b>7</b>	<b>22</b>	<b>45</b>	<b>65</b>	<b>83</b>	<b>98</b>	<b>112</b>	<b>123</b>	<b>132</b>	<b>138</b>	<b>143</b>	<b>145</b>

132. A non-repayment rate of 52 per cent might appear high, but given that non-repayments include defaults it is probably realistic to anticipate a relatively high non-repayment rate given the relatively high proportion of Jersey students who study abroad and then do not return. Experience in England is that non-repayment is higher among English graduates that go to work abroad than among those who stay and work in the UK – not surprising considering that repayments are made through the income tax system.

133. The other thing to emphasise concerning non-repayment is that the correct way to regard it is as representing one part of the Government's investment in tertiary education. In addition to the investment in University College Jersey and the fee grants that would be paid on a means tested basis, this would be the only investment in tertiary education made by the Government; and making that investment in the form of what is effectively a subsidy of the loans provided to students for fees would mean that with a 48 per cent government contribution every pound invested by the Government would be matched by a pound invested by the student themselves.

134. This scenario would require construction of a loan scheme that in the long term recouped 48 per cent of the cost from graduates. The design of the arrangement would need to take account of the anticipated extent of default and the interest rate paid by the Government for loans, etc.. And of course that 48 per cent could be increased – and the cost to the Government

<sup>80</sup> It should be noted that the amounts shown here as "received" cover capital repayments made by graduates. They do not represent what graduates pay in full, which will include interest payments that at least cover the Government's cost of borrowing and beyond that maintain non-repayment at the agreed level

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reduced from the 52 per cent shown here – by changing the design of the loan scheme and requiring graduates to repay more.

135. Elements of the design of the loan scheme would include the interest rate charged<sup>81</sup>, the period for repayment, terms of repayment (mortgage-style, income contingent), forgiveness period, repayment threshold etc. – a mortgage-style scheme with a 10-year repayment period is assumed above. They might also put in place safeguards against default (as distinct from planned non-repayment), such as the collective guarantee arrangements adopted in Germany, the loan surcharge in Australia, parental guarantees in Singapore - though in such a case the Government would need itself to provide guarantees in the case of students whose parents were unable to provide guarantees themselves - or pursuit of defaulters when revisiting the country (as in New Zealand).
136. Decisions would also be needed about whether the Government should administer the loan scheme itself or use one or more third party bodies (like banks) to do so. One option would be to explore whether the UK Student Loans Company would accept this role on commercial terms.
137. These are all matters on which decisions would be needed, but none are intractable, as has been demonstrated by the numerous jurisdictions where loans have been introduced successfully. As has been mentioned already, the issues are political not economic.
138. The above provides an indication of the sort of approach that will be needed. Of course, public investment can be reduced and the number of students provided for reduced too, and indeed even if a decision is taken to provide loans in this way it will be some years before demand increases to likely eventual levels. Table 10 below simulates a scenario where provision is limited to 2,000 students (with an increase over the present in the number of students studying in Jersey and a reduction in the number of those studying abroad), and public expenditure remains at £15.5 million – i.e. no increase over the expenditure planned at present.
139. On this scenario
- £7.3 million would be provided by the Government as means tested grant
  - £1.4 million would be provided as institutional grant to UCJ
  - £16.3 million would be required in loans
  - Loan subsidies would amount to £6.8 million each year
  - The subsidy would amount to 42 per cent of the loans given.
140. Again, as before this assumes that the loan scheme will be devised in such a way as to limit public expenditure to the amount decided upon. It also assumes the same proportions receiving full and partial support as in Scenario 1.

<sup>81</sup> Most loan schemes relate the interest charged loosely to the cost of government borrowing, plus an addition which enables the Government to keep a tight grip on the extent to which it subsidises the loans, if at all.

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## Tertiary Education: Student Finance

**Table 10: Scenario 2 – simulation of financing of 2,000 students with £15.5 million of public expenditure**

Total Students from Jersey						2,000		
Total public funds available in future						15,500,000		
		Students	Grant for fees	Loan for Fees	Loan for Maintenance	Insitutional	Total	
		No.	£	£	£	£	£	
UCJ* institutional support						1,395,859		
UCJ grants for fees	500		3,000,000		-			
UCJ loans for fees	250			3,000,000				
Other Jersey loans for fees	68			408,000				
Abroad full maintenance support	467		4,316,667	-	5,016,667	-		
Abroad partial maintenance support	233			2,158,333	1,254,167	-		
Abroad no maintenance support	482			4,458,500	-	-		
<b>Totals</b>	<b>2,000</b>		<b>7,316,667</b>	<b>10,024,833</b>	<b>6,270,833</b>	<b>1,395,859</b>	<b>25,008,193</b>	
<b>Loans to students for maintenance &amp; fees</b>								<b>16,295,667</b>
Government Expenditure								
Insitutional grant to UCJ						1,395,859		
Grants to students for fees						7,316,667		
Available for Loan subsidies				42% of the loans made each year		6,787,474		
<b>Total Government Expenditure</b>								<b>15,500,000</b>
*UCJ at present provides for about 185 students, most of whom who pay fees of £6,000 per annum; and in addition it receives Government grant of about £0.344 million. These figures have been pro-rated here								

141. And Table 11 shows that on this scenario the loan book would reach a maximum level of £106 million in year 12.

**Table 11: Loan book balance for Scenario 2 (in £ millions)**

<b>Annual loans</b>	<b>16.30</b>											
<b>Year</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>
Paid out in year	5.43	10.86	16.30	16.30	16.30	16.30	16.30	16.30	16.30	16.30	16.30	16.30
Received in capital repayments				1.63	3.26	4.89	6.52	8.15	9.78	11.41	13.04	14.67
<b>Balance</b>	<b>5</b>	<b>16</b>	<b>33</b>	<b>47</b>	<b>60</b>	<b>72</b>	<b>81</b>	<b>90</b>	<b>96</b>	<b>101</b>	<b>104</b>	<b>106</b>

142. Scenario 2 would imply 500 fewer potential students than Scenario 1. Nevertheless, as these students are at present hypothetical it would be safe for a number of years to budget for lower numbers. However, if the supposition is correct that student demand in Jersey is dampened because of the financial constraints, then it is highly likely that improved financial arrangements will stimulate demand, and that eventually young people and others in Jersey will demand tertiary education at the same rate as in other Western countries.

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## Tertiary Education: Student Finance

143. Also, of course, the Government's contribution can be reduced by applying stricter means-testing criteria for access to maintenance loans, and similarly access to fee loans could be so limited as well. The extent of the country's liability is also determined by the terms of the loans that are made (the repayment threshold (in the case of income-contingent loans), the repayment period (in the case of mortgage-style loans) and the interest rate that is charged).

144. It cannot be emphasised too strongly that these simulations provide only very simplified approximations of reality. However, they do provide an illustration of how a student loan system might work, the considerations that need to be given to various elements of a loan scheme and also the scale of the loan book that would be created. While reality is likely to be different, the arrangements shown here could mirror reality if the assumptions were replicated - while different assumptions covering the same parameters will lead to different outcomes.

145. The other thing to mention here is that the stimulations of the loan book in Tables 9 and 11 are based on a mortgage style scheme with regular repayments over 10 years. An income contingent loan scheme is far more complex to model, as it needs to take account of a much wider range of parameters each of them more problematic. For example, an income contingent loan scheme would need to make assumptions about things like

- Average earnings of graduates over 30 or more years (because the more that is earned the smaller the number who fail to repay in full; and because the level of earnings influences the speed of repayment)
- The dispersal of earnings (because even with high average earnings, if there is a wide gap between the earnings of the highest and lowest paid graduates, then although the better paid will repay more quickly the loan book as a whole will be repaid more slowly than if there were a narrow range)
- The average cost of government borrowing
- The level of the repayment threshold
- The speed at which graduates reach the repayment threshold.

and a whole lot more. It can be done, and the UK government has developed a model that has been published and to which no doubt the Jersey government could have access if it decided to investigate that. The purpose of the present simulations is simply to show some of what would be involved in establishing loan schemes and how they might work in a particular set of circumstances.

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

### APPENDIX 2.

#### School Workshops

JANUARY 2017

# Student FINANCE

**Prepared for:**  
EDUCATION & HOME AFFAIRS  
SCRUTINY PANEL

At the request of Mick Robbins

**Principal lead:**  
LOUISE SCAMBLER  
LEE NEWELL

Resilience Development Company

9 x sixty minute workshops were held with a total of 141 students to capture awareness, attitudes and considerations of Student Financing. This report summarises the approach and the outcomes.



**“We want to understand if and how student financing a) meets student requirements b) affects choice and c) impacts their families.”**

*The brief*

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

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## Tertiary Education: Student Finance

### 1. Executive Summary

9 x 60 minute interactive workshops were held across 9 local secondary schools (including Highlands College) with a total of 141 students from years 10 to 13. The workshops focused on awareness and attitudes towards Student Financing and provide insight into if and how Student Financing a) meets their requirements b) effects choice and c) impacts their families. The workshops were split into three distinct sections to test attitudes based on:

- (1) existing knowledge of Student Financing
- (2) after receiving information on Student Financing
- (3) being asked to step into the perspectives of students, parents, States of Jersey and business.

The following was found:

#### 1.1 The knowledge gap.

The desire to attend university/higher education is high with 79% of students currently considering it and a total of 96% having considered it. This insight combined with the level of engagement from the students at the workshops, leads us to infer that the topic of Student Finance was and is relevant to the large majority of the students attending the workshops. That said, 55% of students stated that they were not aware that Student Financing was available. Of those students who were aware, 10% rated their level of knowledge as being “moderately to extremely aware” and 35% rated their level of knowledge as “not at all aware.”

#### 1.2 Affordability is a key factor in the decision but does not affect choice for everyone.

The most common consideration for those who have considered attending university / higher education but now choosing not to go was affordability, with 54% of students stating this as a factor in their decision. This increased to 75% when asked what the impact on their family would be.

After receiving information on Student Financing, all Students reported affordability as a factor that would influence their decision with a range of 67 -89% across the 9 workshops. That said, only 30% stated that this would affect their choice. It should be noted that a further 35% remained neutral, highlighting a worse-case scenario of 65%.

### 1.3 Student Financing does not meet the requirements of the large majority of students.

After being given information on Student Financing 75% of students chose “poor or fair” when asked to what extent financing met their requirements. Students expressed surprise that financing did not cover all costs, the income brackets and the lack of a loan system. 71% of students rated Student Financing as “poor or fair” in relation to helping the families of those wishing to go to University.

### 1.4 Responsibility is a matter of perspective

When asked unprompted 51% felt the States of Jersey should be responsible with a further 32% saying that responsibility should not lie in one area alone. When asked to separate into 4 working groups and take on a particular perspective the responses differ.

- 33% of the “Student” group felt they were responsible with 78% stating “somewhat responsible” when asked to what extent.
- The “parent” group 33% felt they were responsible with 78% saying they should be “somewhat responsible.”
- 100% of the “States of Jersey” perspective group said that they should be responsible with 67% stating “mostly responsible” when asked to what extent.
- Finally, in the “business” perspective group, 78% said businesses should be responsible for Student Financing with 89% stating that they should be “somewhat/mostly” responsible.

This shows a significant shift in attitude compared to when asked the same question from their own perspective as a student.

## 2. Objectives

- 2.1.1 Determine if and how Student Financing in Jersey (a) meets their requirements (b) effects choice and (c) impacts their families.
- 2.1.2 Involve as many secondary schools as possible.
- 2.1.3 Maintain flexible project delivery to meet the time and resource constraints of secondary schools and the Education and Home Affairs Scrutiny Panel.
- 2.1.4 Where possible, dovetail the approach taken by workshops delivered by the Home Affairs and Education Scrutiny Panel aimed at parents.

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

### 3. Methodology

9 x 60 minute interactive workshops were held across 9 local secondary schools (including Highlands College) with a total of 141 students from years 10 to 13. The workshops focused on capturing data around Student Financing in terms of awareness and attitudes and the considerations of Student Financing aiming to answer if and how Student Financing a) meets their requirements b) effects choice and c) impacts their families. The workshops were delivered between the 1<sup>st</sup> January and 31<sup>st</sup> January 2017, in and out of school hours.

The breakdown of students attending the workshops were; 27 from year 10, 37 from year 11, 43 from year 12, 22 from year 13 and 12 from Highlands College. Across all workshops students were consistently asked to answer:

1. A series of 9 questions to establish their unfettered knowledge of Student Financing.
2. A series of 7 questions after a presentation on Student Financing.

This presentation included average costs of attending University over a 3-year period, high level criteria for applying for Student Financing and a breakdown of the income brackets. All content delivered within this presentation was taken from public sources such as States of Jersey website, leaflets and was consistent with the presentation delivered in the parent workshops delivered by the Education & Home Affairs Scrutiny Panel. It was also checked by Careers Jersey and Mick Robbins, Education & Home Affairs Scrutiny Panel.

3. Students were then asked to complete 2 individual questionnaires and were then separated into 4 groups and asked a series of questions requiring them to take on the perspective of parents, States of Jersey, Students and business. Finally, they were invited to provide any other comments in a free format manner.

The secondary schools and Highlands College were contacted and invited by The Resilience Development Company, following permission from the States of Jersey Education Department. The research process for this study included questionnaire construction, refinement, data collection, data analysis and report writing.

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

### 3.1 Data collection

This study collected data from the nine workshops over a two-week period. All data was collected on paper within the workshops and a staff member of the secondary school or Highlands College was present at all times.

The Resilience Development Company facilitators spent a total of 9 hours delivering the workshops and were on-site before and after. Anecdotal comments were made and are included in section 9. All insights are provided as observations rather than conclusions and the opinions expressed refer to individuals rather than those of the facilitators who remained impartial.

Given the public nature of this document it should be noted that 2 of the 3 persons working on this report have children within the education system that are age relevant to this data. It needs to be stated that neither child took part in the workshops. At no time did the facilitator influence any of the findings nor were their opinions introduced.

### 3.2 Data analysis

Data analysis for this report includes the evaluation of responses on a quantitative basis with qualitative data summarised for frequency. Some interpretation was made by the analyst. During data collection, our facilitators noted a potential attitudinal difference between fee paying and non-fee paying secondary schools as well as schools with a sixth form V's no sixth form. This has been shown quantitatively although as observation rather than conclusion to provide a richer picture where possible.

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

### 4. Findings at A Glance

#### 4.1 Prior to Information Sharing on Student Financing

- 4.1.1 Overall desire to attend university / higher education was high (79%) with a total of 96% of students having considered it. This indicates that the topic of Student Financing was and is relevant to the large majority of the students who attended the workshops. Secondary schools with a sixth form onsite, showed a higher proportion of students wishing to go to university / higher education.
- 4.1.2 “Affordability”, “parents” and “moving away from home” were the most common concerns faced by students when making their decision. Affordability was quoted in 54% of responses by students who had considered university but had no desire to go, 33% who had no desire and didn’t consider it and 40% of students who wish to continue on to university / higher education.
- 4.1.3 “Increased opportunities”, “experience” and “to gain a degree” were the main reasons why students were thinking of continuing on to university / higher education.
- 4.1.4 Affordability had the highest frequency of responses when students were asked to consider what would be the impact on their family. 75% of students who had considered university/higher education but have decided not to go, said that affordability is a factor. 66% of students who want to go to University stated affordability was a factor.
- 4.1.5 55% of the students attending the workshops were not aware that Student Financing is available.
- 4.1.6 Levels of awareness of Student Financing appears to be low. Only 10% of the students rated their level of knowledge as 4 or above on a 5-point scale. 35% described their level of knowledge of Student Financing as “not at all aware.”

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

### 4.2 After Sharing Information on Student Financing

- 4.2.1 After receiving the information on Student Financing, 30% of the students attending the workshops reported that this knowledge would affect their desire to attend university. It should be noted that 35% were neutral.
- 4.2.2 All students reported affordability as a factor that would influence their decision to attend university / higher education between a range of 67% to 89%. This is significantly different to the frequency of affordability when students were asked before information was given.
- 4.2.3 When asked if students who were wishing to go to university / higher education felt Student Financing met their requirements, 75% of students rated between 1 & 2 on a 5-point scale (with 1 being poor and 5 being excellent.)
- 4.2.4 When asked to elaborate, those rating “fair” or “poor” (76%) felt surprised that Student Financing didn’t cover all costs, expressed surprise at the income brackets and the “fairness” of the support, particularly around the belief that middle earners were impacted the most. The lack of a loan system was also raised. Those rating Student Financing “good” or above (24%) also highlighted the lack of a loan system and how Student Financing doesn’t cover all costs.
- 4.2.5 When asked how well Student Financing helps the families of students wishing to go to university / higher education, 69% rated between 1 & 2 on a 5-point scale (with 1 being “poor” and 5 being “excellent.”
- 4.2.6 When asked to elaborate on the impact on their families; inability to cover all costs, income brackets, the lack of “fairness” and absence of loan system were raised. This was similar to responses given when asked about how Student Financing met the requirements of students. It should be noted that these impacts were highlighted in those students who felt Student Financing helped families.

## Education and Home Affairs Scrutiny Panel

### Tertiary Education: Student Finance

- 4.2.7 51% of students attending the workshops said that the States of Jersey should be responsible for financing students who wish to continue on to university / higher education. 32% said that the responsibility should not lie in one area alone. Only 5% felt that students should be responsible and 9% felt that it should be the responsibility of parents. Those students who felt that businesses should be responsible was the lowest (3%).

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

### 4.3 Group Work – Are Students Responsible for Student Financing?

The context: Students were separated into 4 working groups and asked to take on the perspective of students, parents, States of Jersey and business. All groups were asked if they felt their group should be responsible for Student Financing and to what extent.

- 4.3.1 33% of students in the “student perspective” group thought that students should be responsible for Student Financing. Attitudinal differences were seen between students attending fee paying schools (25%) and non-fee paying schools (40%), secondary schools with a sixth form on site (20%) and secondary schools with no sixth form (33%).
- 4.3.2 This is a marked contrast to when students were asked as individuals after they were given the information around Student Financing as only 5% of students thought they should be responsible. Put simply when asked to change their perspective from an individual to a group perspective, their own attitudes shift significantly as to whether they should be responsible.
- 4.3.3 When asked to what extent students should be responsible, 78% thought “somewhat,” 11% thought “not at all” with no students attending the workshops thinking students should be completely responsible.
- 4.3.4 78% thought every student had the right to attend university / higher education.

### 4.4 Group Work – Are Parents Responsible for Student Financing?

The context: Students were separated into 4 working groups and asked to take on the perspective of students, parents, States of Jersey and business. All groups were asked if they felt their group should be responsible for Student Financing and to what extent.

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

- 4.4.1 33% of students thought that parents should be responsible for Student Financing. Attitudinal differences were seen between students in fee paying schools (25%) compared to non-fee paying schools (40%) and secondary schools with a sixth form on site (20%) and secondary schools with no sixth form (33%). The reader may note that the above percentages are the same as in 3.3.1 and this is a coincidence, not an error in the data.
- 4.4.2 This is a marked contrast to when students were asked as individuals after they were given the information around Student Financing as only 9% of students thought that parents should be responsible. Put simply when asked to step into their parent's perspective, rather than their own, their own attitudes shifted significantly.
- 4.4.3 When asked to what extent parents should be responsible 89% thought "somewhat/mostly," 11% thought "not at all" with no students attending the workshops thinking students should be completely responsible.
- 4.4.4 All students thought parents should be able to apply for grants.

### 4.5 Group Work – Are the States of Jersey Responsible for Student Financing?

The context: Students were separated into 4 working groups and asked to take on the perspective of students, parents, States of Jersey and business. All groups were asked if they felt their group should be responsible for Student Financing and to what extent

- 4.5.1 100% of students in this group thought the States of Jersey should be responsible for Student Financing.
- 4.5.2 This is a marked contrast to when students were asked as individuals after they were given the information around Student Financing as only 51% of students thought that the States of Jersey should be responsible. Put simply when asked to step into the States of Jersey's perspective, rather than their own, their own attitudes shifted significantly.

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

- 4.5.3 When asked to what extent the States of Jersey should be responsible 33% thought “somewhat,” 67% thought “mostly responsible” with no students attending the workshops thinking the States of Jersey should be “completely responsible” or “not at all responsible.” In schools without a sixth form 100% thought the States of Jersey are mostly responsible.

### 4.6 Group Work – Is Business Responsible for Student Financing?

The context: Students were separated into 4 working groups and asked to take on the perspective of students, parents, the States of Jersey and business. All groups were asked if they felt their group should be responsible for Student Financing and to what extent

- 4.6.1 78% of students in this group thought that business should be responsible for Student Financing.
- 4.6.2 This is a marked contrast to when students were asked as individuals after they were given the information around Student Financing as only 3% of students thought that businesses should be responsible. Put simply when asked to step into the perspective of businesses rather than their own, their own attitudes shifted significantly.
- 4.6.3 When asked to what extent businesses should be responsible 89% thought “somewhat” or “mostly,” with no students attending the workshops thinking businesses should be completely responsible. 11% thought businesses should not be responsible at all.
- 4.6.4 100% of students thought there was a need for degrees.
- 4.6.5 100% thought internal training / bursaries / scholarships would work.

### 5.Key Findings - Prior To Information Sharing on Student Financing

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

5.1 Overall desire to attend university / higher education was high (79%) with a total of 96% of students having considered it. This indicates that the topic of Student Financing was and is relevant to the large majority of the group. Schools with a sixth form on-site showed a higher proportion of students wishing to go to university / higher education than schools with no sixth form.

Are you wishing to go to university / Higher Education?	All	Fee Paying	Non-Fee Paying	Sixth form	No Sixth Form
Yes	79%	84%	74%	85%	67%
No but considered	17%	14%	19%	14%	23%
No and not considered	4%	2%	6%	1%	10%

(n=141)

5.2 "Affordability", "parents" and "moving away from home" were the most common factors when asked what factors came into play when making their decision. "Affordability" was quoted more frequently in those students who had considered but had no desire to go to university (54%), than those who had no desire (affordability mentioned in 33% of responses) and those who wished to continue their education (40%).

### Please state what factors came into play when making this decision

No and not considered

(n=6)

- Amount of work involved
- No desire to attend HE
- Too much money AND don't think I can handle the work.
- Affordability (mentioned in 33% of all comments)

No but considered

(n=24)

- Affordability (mentioned in 54% of all comments)
- Parents
- Moving away from home
- Qualifications needed.
- Opportunities on island
- Don't know what I would like to do in the future.

Yes

(n=111)

- Affordability (40%)
- Parents
- Experience of being away from home

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

- Qualifications needed.

(n=141)

*5.3 Increased opportunity, experience and gain a degree were the main reasons why students were thinking of remaining in education.*

### Why are you thinking of attending University?

No but considered

(n=24)

- Gain a degree
- Get qualified for chosen career.
- Widen range of job possibilities

Yes

(n=111)

- Gain a degree.
- Get qualified from chosen career.
- Widen range of job possibilities.
- Experience more of the world.
- Further my education.

(n =135)

*5.4 "Affordability" had the highest frequency of response when students were asked to consider what would be the impact on their family. 75% of students who had considered university/higher education said that affordability was a factor. 66% of students who want to go to university/higher education stated affordability was a factor.*

### Was this decision made with your families in mind and if so, what would / will be the impact on them for you to attend university / higher education?

No and not considered

(n=6)

- Hadn't spoken to their family.

No but considered

(n=24)

- Affordability (75%)
- Leaving parents alone.
- Not considered impact.

Yes

(n=111)

- Affordability (66%)
- Not considered impact.
- My family are supportive and urging me to go.

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

(n=141)

*5.5 Approximately 1 in 2 of the group were not aware that Student Financing is available.*

<b>Do you know Student Financing is available?</b>	<b>All</b>	<b>Fee Paying</b>	<b>Non-Fee Paying</b>	<b>Sixth form</b>	<b>No Sixth Form</b>
Yes	45%	56%	37%	57%	21%
No	55%	44%	63%	43%	79%

(n=141)

*5.6 Levels of awareness of Student Financing appears to be low. Only 10% of the group would rate their level of knowledge as 4 or above on a 5-point scale. 35% described their level of knowledge of Student Financing as "not at all aware."*

<b>Based on your answer to Q2 please rate on a scale of 1-5 your knowledge of Student Financing in Jersey</b>	<b>All</b>	<b>Fee Paying</b>	<b>Non-Fee Paying</b>	<b>Sixth form</b>	<b>No Sixth Form</b>
5.Extremely aware	1%	-	1%	1%	-
4.Moderately aware	9%	11%	6%	12%	4%
3.Somewhat aware	15%	16%	14%	16%	10%
2.Slightly aware	41%	48%	36%	43%	33%
1.Not at all aware	35%	25%	42%	27%	52%

(n=141)

*5.7 No single point of reference has a majority share. Students are gathering information on Student Financing from several sources.*

<b>Where did you find / attain your knowledge of Student Financing from?</b>	<b>All</b>	<b>Fee Paying</b>	<b>Non Fee Paying</b>	<b>Sixth form</b>	<b>No Sixth Form</b>
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# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

Teachers / school	27%	37%	19%	33%	10%
Family/friends/word of mouth	21%	27%	17%	23%	19%
Gov.je / web / self-researched	11%	8%	13%	14%	4%
Not aware	41%	29%	51%	30%	67%

(n=141)

**N.B** Free text responses (therefore common answers have been summarised)

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

*5.8 Student perception of engagement on higher education and Student Financing is varied with the majority reporting between years 10 – 13.*

<b>When did your school first start talking to you about university / higher education &amp; student financing? Year:</b>	<b>All</b>	<b>Fee Paying</b>	<b>Non Fee Paying</b>	<b>Sixth form</b>	<b>No Sixth Form</b>
7	1%	-	1%	-	2%
8	1%	-	1%	-	2%
9	6%	6%	5%	5%	6%
10	37%	17%	53%	21%	69%
11	23%	35%	14%	28%	10%
12	26%	41%	13%	43%	-
13	1%	-	1%	1%	-
At Highlands	1%	-	1%	-	-
Never	5%	-	10%	1%	10%

*(n=141)*

## 6.Key Findings – After Information Sharing on Student Financing

*6.1 30% of the total group reported that this knowledge of Student Financing would affect their desire to attend university/higher education. It should be noted that 35% were neutral.*

<b>Now that you have more knowledge of Student Financing how likely is this to affect your desire to attend university?</b>	<b>All</b>	<b>Fee Paying</b>	<b>Non Fee Paying</b>	<b>Sixth form</b>	<b>No Sixth Form</b>
5 Extremely likely	4%	5%	4%	4%	2%
4 Likely	26%	30%	22%	25%	27%

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

3 Neutral	35%	33%	36%	34%	38%
2 Unlikely	22%	21%	23%	22%	25%
1 Extremely unlikely	13%	11%	14%	15%	8%

(n=140)

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

6.2 After receiving information on Student Financing all groups reported “Affordability” as a factor that would influence their decision with a range of 67% to 89%. This is significantly different to the frequency of affordability when students were asked before information was given.

### What factors come into play when making your decision to attend university / higher education?

(Question was free text therefore common answers have been summarised)

Extremely likely	<ul style="list-style-type: none"> <li>• Affordability (83%)</li> <li>• Career path</li> </ul>
Likely	<ul style="list-style-type: none"> <li>• Affordability (89%)</li> <li>• Location</li> <li>• Impact on family</li> <li>• Career path</li> </ul>
Neutral	<ul style="list-style-type: none"> <li>• Affordability (74%)</li> </ul>
Unlikely	<ul style="list-style-type: none"> <li>• Affordability (68%)</li> <li>• Location</li> <li>• Opportunities / career path</li> </ul>
Extremely unlikely	<ul style="list-style-type: none"> <li>• Affordability (67%)</li> <li>• Don't want need further education</li> <li>• Parents and I want to go.</li> <li>• Whether I am capable of working at that level.</li> </ul>

(n=140)

6.3 When asked how well is Student Financing in Jersey meeting the requirements of students wishing to go to university / higher education 75% rated between 1 & 2 on a 5-point scale (with 1 being poor and 5 being excellent).

How well do you think Student Financing in Jersey does in meeting the requirements of Students wishing to go to university / higher education?	All	Fee Paying	Non Fee Paying	Sixth form	No Sixth Form
5 Excellent	-	-	-	-	-

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

4 Very good	2%	2%	3%	1%	4%
3 Good	21%	13%	29%	11%	38%
2 Fair	38%	38%	38%	38%	42%
1 Poor	37%	48%	29%	49%	15%

(n=137)

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## Tertiary Education: Student Finance

6.4 When asked to elaborate those rating “fair” or “poor” (76%) felt Student Financing didn’t cover all costs, expressed surprise at the income brackets and the fairness of the support, particularly to middle earners. Lack of loan system was also raised. Those rating Student Financing as good or above (24%) also highlighted the lack of loans and how it doesn’t cover all costs.

**Based on your response, please elaborate on why you feel Student Financing in Jersey does or does not meet the requirements of Students wishing to go to university / higher education?**

Excellent (n=0)	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>
Very good (n=3)	<ul style="list-style-type: none"> <li>It will make a big difference to people going to university.</li> </ul>
Good (n=30)	<ul style="list-style-type: none"> <li>It does support some lower income families</li> <li>It does support but student loan required</li> <li>It kind of meets the requirements but doesn’t cover everything</li> </ul>
Fair (n=53)	<ul style="list-style-type: none"> <li>Doesn’t cover all costs</li> <li>Does support some people</li> <li>Unfair to middle earners</li> </ul>
Poor (n=52)	<ul style="list-style-type: none"> <li>Doesn’t cover all costs</li> <li>Income brackets don’t work for anyone</li> <li>Lack of loan system</li> </ul>

(n=138) \* 2 students answered N/A

6.5 When asked how well is Student Financing helping the families of students wishing to go to university / higher education 69% rated between 1 & 2 on a 5-point scale (with 1 being poor and 5 being excellent).

How well do you think Student Financing in Jersey does in helping the families of students wishing to go to university/higher education?	All	Fee Paying	Non Fee Paying	Sixth form	No Sixth Form
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# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

5 Excellent	-	-	-	-	-
4 Very good	8%	6%	9%	5%	15%
3 Good	21%	17%	23%	15%	27%
2 Fair	41%	37%	45%	38%	46%
1 Poor	28%	40%	18%	40%	10%

(n=137) \* 3 students answered N/A

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

*6.6 When asked to elaborate on their rating, those choosing fair or poor (71%) felt Student Financing didn't cover all costs, expressed surprise at the income brackets and the lack of fairness in the support, particularly to middle earners. Lack of loan system was also raised. Those rating Student Financing as good or above (29%) also highlighted the lack of loans and how it doesn't cover all costs.*

**Based on your response, please elaborate on why you feel Student Financing in Jersey does or does not help the families of students wishing to go to university / higher education.**

Excellent (n=0)	<ul style="list-style-type: none"> <li>• Not applicable</li> </ul>
Very good (n=11)	<ul style="list-style-type: none"> <li>• Sounds like they give a lot of money.</li> <li>• They are trying to help people and give people equal opportunity.</li> <li>• Everyone should have a chance to get further education.</li> </ul>
Good (n=29)	<ul style="list-style-type: none"> <li>• It does support some lower income families</li> <li>• Doesn't cover all costs.</li> <li>• Lack of loan system.</li> </ul>
Fair (n=58)	<ul style="list-style-type: none"> <li>• Trying to help families but not enough help offered.</li> <li>• Not enough information/education of Student Financing</li> <li>• Lack of loan system.</li> </ul>
Poor (n=39)	<ul style="list-style-type: none"> <li>• Doesn't cover all costs</li> <li>• Lack of loan system</li> <li>• Few people able to access it / brackets don't work.</li> </ul>

(n=137) \* 3 students answered N/A

*6.7 51% of students said that the States of Jersey should be responsible for financing students wishing to remain in education. A further 32% said that responsibility does not lie in one area alone. Only 5% felt Students were responsible and 9% felt their parents were. Business was the lowest (3%).*

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

<b>Who of the following should be responsible for financing students from Jersey wishing to attend university / higher education?</b>	<b>All</b>	<b>Fee Paying</b>	<b>Non Fee Paying</b>	<b>Sixth form</b>	<b>No Sixth Form</b>
5 Other*	32%	35%	30%	39%	21%
4 Businesses	3%	5%	1%	4%	0%
3 Jersey States	51%	44%	56%	44%	65%
2 Parents	9%	10%	9%	9%	10%
1 Students	5%	6%	4%	5%	4%

\*Further breakdown of the “other” option shows that **26%** of students said a combination of areas should be responsible with **9%** of these saying they favoured a mixture of Parents and the States of Jersey and **8%** saying it should be a mixture of all areas.

## 7. Key Findings – Group work

### 7.1 Taking the “Student” perspective

*7.1.1 33% thought students should be responsible for Student Financing. Attitudinal differences were seen between students attending fee paying schools (25%) and non-fee paying schools (40%) and schools with a Sixth form on site (20%) and no Sixth form (33%).*

<b>Do you think students should be responsible for Student Financing in Jersey?</b>	<b>All</b>	<b>Fee Paying</b>	<b>Non Fee Paying</b>	<b>Sixth form</b>	<b>No Sixth Form</b>
Yes	33%	25%	40%	20%	33%
No	67%	75%	60%	80%	67%

*7.1.2 When asked to what extent students should be responsible 78% thought “somewhat”, 11% “thought not at all” with no one thinking that students should be completely responsible.*

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

To what extent should students be responsible?	All	Fee Paying	Non Fee Paying	Sixth form	No Sixth Form
4 Completely responsible	-	-	-	-	-
3 Mostly responsible	11%	25%	-	20%	-
2 Somewhat responsible	78%	50%	100%	60%	100%
1 Not at all responsible	11%	25%	-	20%	-

### 7.1.3 With reference to their answers above we then asked them: Why?

Because it is your future so you should be responsible but we've had free education throughout school
They can't come out of A-levels and pay for Uni
Means that pressure/costs are taken off parents. Makes us responsible = if we fail it's on us. We have opportunity to pay it back.
It is their decision to go so therefore should pay some. Teaches you life skills.
Responsible for your own actions. However you should be fully responsible because we are going to be contributing back to society anyway.
Limited options for obtaining money. Not fair/too much stress on student
Because it is their education but this doesn't not mean they should pay for it all
Shouldn't pay for course but part of maintenance if you don't have much money
They shouldn't be expected to pay all the costs as they don't earn enough/have a full time job but they should contribute some money to their living expenses

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

### 7.1.4 How would you like to see grants working?

More income less grants, less income more grants
People that cannot afford to get help
Grades you get and related to specific course
Perhaps states pay students fees then students pay 50% back. Pay for needed job if person come back to fill vacancies
Concept works already, always room for improvement. Consequences for quitting course.
Finding sponsorship but no catches or ties to the company
We should be more informed about it. The bracket for income should be changed
Given to people who benefit. Take into account more than household income e.g. how many children in each family, hours worked, personal circumstances or on merit as well
They should give more money or offer a student loan service

### 7.1.5 How do you see this working long term for the student.

Better than a student loan because it doesn't have to be paid back.
Only pay when you can afford
When we start working we gradually pay it back even though that's for loans
Perhaps states pay students fees then students pay 50% back. Pay for needed job if person come back to fill vacancies
Only going to help them in further studies. However, put in student's situation
Go to Uni, achieve the qualification and therefore they are able to pay it back in long term. Also, give job opportunities if needed.
This will make it easier for students to attend Uni
Students should have better living conditions, more time for studying. Less pressure on families.
They won't be in debt and have a degree. They won't feel guilty about using all their parent's money

### 7.1.6 What happens if the student defaults/leaves university before graduation?

A percentage of the grant should be paid back
Expected to pay themselves
Pay them back
Then the deal would be void
Depending on situation
They cancel the money supply and have to pay back at a later date. Doesn't finish the course

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## Tertiary Education: Student Finance

They should continue paying for the rest of the year they drop out
Look at circumstances of leaving, then pay back some of grant depending those circumstances.
They should have to pay it back

7.1.7 78% thought everyone had the right to attend university / higher education.

Do you think that it is a right for everyone to attend university / higher education?	All	Fee Paying	Non Fee Paying	Sixth form	No Sixth Form
Yes	78%	75%	80%	80%	67%
No	22%	25%	20%	20%	33%

## 7.2 Taking the “Parents” perspective

7.2.1 33% of the total group think parents should be responsible for Student Financing.

Do you think parents should be responsible for Student Financing in Jersey?	All	Fee Paying	Non Fee Paying	Sixth form	No Sixth Form
Yes	33%	25%	40%	20%	33%
No	67%	75%	60%	80%	67%

7.2.2 When asked to what extent parents should be responsible for student finance 89% of the total group thought that parents should be “somewhat” or “mostly responsible” for Student Financing. Non-fee paying and schools without Sixth forms attached were the only groups that thought parents should not be responsible at all.

To what extent should parents be responsible?	All	Fee Paying	Non Fee Paying	Sixth form	No Sixth Form
4 Completely responsible	-	-	-	-	-
3 Mostly responsible	11%	25%	-	20%	-
2 Somewhat responsible	78%	75%	80%	80%	67%
1 Not at all responsible	11%	-	20%	-	33%

7.2.3 How could your parents be helped?

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## Tertiary Education: Student Finance

By the States paying. Also, they could lower the prices.
The states could help or the university itself
Government intervention
Student loans
If your income is really low your shouldn't be able to pay. But there are certain incomes that should.
People give money/loans. States of Jersey should be responsible for aiding Jersey families in sending their children to universities
States should fund it because there aren't any opportunities for higher degrees. Also it is the students choice to go to Uni
Student loans should be available. Should have the option to pay back over an extended period of time, to ease the pressure of having to pay an upfront lump sum
Grants, bigger brackets

*7.2.4 100% of the total group thought parents should be able to apply for grants to help with university / higher education.*

Should parents be able to apply for grants in Jersey to help with university / higher education?	All	Fee Paying	Non Fee Paying	Sixth form	No Sixth Form
Yes	100%	100%	100%	100%	100%
No	-	-	-	-	-

*7.2.5 They were then asked, if you answered "yes" to the above question, why do think this should be the case?*

Parents would need help because there's a lot to pay and the students who go to Uni have a big chance of doing something big and making the island famous.
Because all people should have the chance for further education
They maybe more financially stable in the long run
Parents need help
They should be able to apply just based on their income.
University is expensive because none in Jersey therefore parents in later years have to pay for fees, rent, living and is too much for some
Parents should pay as much as they can towards their child's education
Education should be accessible to all. It should not be the source of family pressure and worry. Especially when a family has multiple children. No matter what a family's income is the government should be in the position to offer aid to all. That opportunities on our island should

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## Tertiary Education: Student Finance

be extended so that Uni graduates are more compelled to return to the island, in turn generating a better people of graduates with skills in businesses, which will then in turn feel investing in students Uni is something that they should help with. Greater amount of bursary schemes
If they have a low income/if they are a single parent/if they have multiple children

*7.2.6 What other ideas do have for helping parents to send their children to university/higher education?*

The university could help the parents with money or lower the price completely
Business should give bursaries. Cheaper Uni course for each subsequent child. Banks encouraging savings as soon as child is born. A larger choice of courses available within Jersey Universities
Students loans with borrowing abilities like the UK e.g. 20,000
Think in advance. Get help other family members. Get a job.
Student loans from States. Companies in Jersey offering to pay for scholarship. University in Jersey. Free Uni's everywhere. Higher taxes to pay for students. Rich old people who are friends with politicians should be taxed more.
Build a Uni here that offers higher level degrees
Loan system

### 7.3 Taking the “States of Jersey” perspective

*7.3.1 100% of the total group think the States of Jersey should be responsible for Student Financing.*

Do you think The States should be responsible for Student Financing in Jersey?	All	Fee Paying	Non Fee Paying	Sixth form	No Sixth Form
Yes	100%	100%	100%	100%	100%
No	-	-	-	-	-

*7.3.2 When asked to what extent the States of Jersey should be responsible for Student Financing 100% of the total group thought the States of Jersey should be “somewhat” or “mostly responsible” for Student Financing.*

To what extent should The States be responsible?	All	Fee Paying	Non Fee Paying	Sixth form	No Sixth Form
4 Completely responsible	-	-	-	-	-

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## Tertiary Education: Student Finance

3 Mostly responsible	67%		75%	60%	60%	100%
2 Somewhat responsible	33%		25%	40%	40%	-
1 Not at all responsible	-		-	-	-	-

### 7.3.3 With reference to their answers above we then asked them: Why?

Because our parents pay tax
They are in charge of the island plus they require certain jobs which need degrees
Financial run island (already densely populated). Need HE to qualify for essential financial roles. Alternative is to import more overseas workers.
We live on the island so we should qualify for help
The states may not taken into consideration that parents have other children to support plus bills to pay
Because it is very expensive. We live overseas
They would benefit eventually if they gain qualified students/workers who they've sent to Uni
We feel that if parents are physically unable to pay if they are disabled for example, the states should be willing to help financially. If we are going to come back and work for them and pay tax, they should contribute to our education to get there. If someone went to a state's school because of the money then it will become a big shock and they won't suddenly be able to get the money.

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

### 7.3.4 How could the States of Jersey do more to meet the costs of university/higher education?

They could pay 75% of the cost. Payment plan. Student Loans
Their wages. Have a student fund. Increase tax
Innovation fund...£1.4m gone. How many students would that have helped. Introduction of progressive taxes or mirror business taxes. Try to break up monopolies in Jersey. More competitive = more jobs with lower qualifications.
Loans
Help out a bit more with money or even give them an insight into how they can figure out a long-term plan.
Offer around £2k - £4k a year to cover accommodation and living costs
Increase wages/offer loans/bursaries
Go through a more selective process, more in depth analysis e.g. amount of children/illness in families/how long you have lived there/employability/grades/interviews. They could also lower pensions, stop building stuff and up taxes.
Stop investing money in businesses, that don't necessarily need it. Invest money locally and offer a wider range of courses in Jersey

### 7.3.5 We then asked them based on the above answers: Why?

Because our parents pay tax. We wouldn't be able to find the money to go to uni. Meaning we wouldn't achieve our aspirations later on in life. It will also benefit them as we will earn more and pay more tax
The island requires jobs that need degrees e.g. Paramedics.
Innovation fund...£1.4m gone. How many students would that have helped. Introduction of progressive taxes or mirror business taxes. Try to break up monopolies in Jersey. More competitive = more jobs with lower qualifications.
It will allow people the opportunity to go and they can get secure jobs and then pay them back. We don't need to be given money, we just need the money now so we can go to Uni and then we are happy and then our families won't suffer.
They/we need it
Because we live overseas and can't qualify for grant from the UK.
N/A
We feel that if parents are physically unable to pay if they are disabled for example, the states should be willing to help financially. If we are going to come back and work for them and pay tax, they should contribute to our education to get there. If someone went to a state's school because of the money then it will become a big shock and they won't suddenly be able to get the money.
If people go to Uni in the UK and Jersey funds it, people are more likely to be able to come back to Jersey and give back to the community

Education and Home Affairs Scrutiny Panel  
Tertiary Education: Student Finance

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

### 7.4 Taking the “Business” perspective

7.4.1 78% of the total group thought businesses should be responsible for Student Financing.

Do you think businesses should be responsible for Student Financing in Jersey?	All	Fee Paying	Non Fee Paying	Sixth form	No Sixth Form
Yes	78%	75%	80%	80%	67%
No	22%	25%	20%	20%	33%

7.4.2 When asked to what extent businesses should be responsible for student finance 89% of the total group thought businesses should be “somewhat” or “mostly responsible” for Student Financing in Jersey. Fee-paying (25%) and schools with Sixth form attached (20%) were the only group to indicate that businesses should not be responsible at all.

To what extent should business be responsible?	All	Fee Paying	Non Fee Paying	Sixth form	No Sixth Form
4 Completely responsible	-	-	-	-	-
3 Mostly responsible	11%	25%	-	20%	-
2 Somewhat responsible	78%	50%	100%	60%	100%
1 Not at all responsible	11%	25%	-	20%	-

7.4.3 With reference to their answers above we then asked them: Why?

Because the people going to uni might work for them.
Businesses will ultimately be the ones that benefit the most because they will be the ones employing the graduates.
Companies who want a student with a degree (doctors, engineers etc) should have
If they expect a local workforce they should help pay for educating local people to the standard they require to work.
If the student is interested in the business and need the degree and the business wants to hire the student. They should help with the Uni
they're independent from the population. They can invest in student finance but they have no responsibility to do such.
To encourage people to come back and work for them
Because it's a mutually beneficial experience and you get a better educated worker.
Spare dollar is going to waste. If you're studying a degree relevant to them they should help with funds if you agree to come back to them

Education and Home Affairs Scrutiny Panel  
Tertiary Education: Student Finance

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

7.4.4 100% of the total group think there is a need for degrees.

Do you think there is a need for degrees?	All	Fee Paying	Non Fee Paying	Sixth form	No Sixth Form
Yes	100%	100%	100%	100%	100%
No	-	-	-	-	-

7.4.5 How can businesses help with finances during university/higher education?

They could sponsor them.
Offer funds to those taking subjects in the industry their in.
Sponsor to buy books and pay for fees but required to work for the company
By paying a portion of the university fees of future employees
Help to sponsor Students who want to go in to that profession.
By offering scholarships, apprenticeships and bursary schemes.
Loans and/or direct fees
Bursaries all inclusive
Loans, bursaries.

7.4.6 100% of the total group think internal training/bursaries/scholarships would work from businesses in Jersey.

Do you think internal training / bursaries / scholarships would work?	All	Fee Paying	Non Fee Paying	Sixth form	No Sixth Form
Yes	100%	100%	100%	100%	100%
No	-	-	-	-	-

7.4.7 With reference to their answers above we then asked them: How?

They could offer a scholarship to help pay funds
A merit based system those with the best grades are awarded
They give you support reducing pressure on your family
They work for low level entry such as apprenticeships and for the finance industry. But they jobs are not for everyone and other companies should support higher education if they require it.

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

Yes it would take the strain off families and benefit both the business and student
They allow for education and work to couple
People from poorer backgrounds could afford to go and get training so they can straight into work after
They take pressure off parents or people who don't have the financial backing of parents
Gives opportunities to people who are not eligible to gain Jersey Student financial support thus allowing to pursue their dream

### *7.4.8 How do you see this working long term for the employer?*

Businesses can help fund and then the student can work for them.
They'll have knowledgeable and grateful employees who'll produce an ROI on the grant they gave them to go to Uni
They solidify relation with a student who will return to work for them with a degree
If gives them a local work force that is skilled enough to complete their jobs but also helps streamline young people into their employment
Have qualified employees, higher competition leads to better standards.
They can come back to work for the employee to make back the money invested
Job for life (65)
Good because they can gain future prospect from the student supported

## 8. Facilitator Insights

Our facilitators spent a total of 9 hours in workshops and were on-site before and after. Anecdotal comments were made and are reported here. All insights are provided as observations rather than conclusions and the opinions expressed refer to individuals rather than those of the facilitators who remained impartial.

"We should be educating our parents earlier on University and the costs connected to getting degrees"

"More external companies need to come in and discuss Student Finance and costs associated with Uni, the students tend to listen better with someone else telling them"

"If only there was a loan system set up I am sure more of our students would attend University"

"It's such a shame when students drop out of further education just due to finance"

"I feel so guilty that my parents have to find the money for me to go to University"

"We should start educating students and parents as young as yr7 or perhaps even before!"

"Why is University so expensive? Isn't student Financing really treating the symptom not the illness?"



# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

### APPENDIX 3.

#### Workshop: Student- Led

#### Education and Home Affairs Scrutiny Panel:

#### Student Financing Review Workshop: Student- Led

Turnout: 25 (16 students, 9 parents)

#### Who you are, Where studying, What Studying, Ambitions

<u>Who</u>	<u>Where</u>	<u>What</u>	<u>Ambitions</u>
Parent	Edge Hill U	Sports Therapy	Spot Injury clinic/pitch-side
Parent	Essex U	Psychology	N/A
Student	Portsmouth U	IR and History	Political Science/ Journalism
Student	York U	Archaeology	Work in archaeology
Student	Leicester U	Chemistry	PHD and research
Student	Victoria College Jersey	Maths	career
Parent (mother of three)	N/A	N/A	N/A
Student	University College London	Architecture	Set up architecture firm in London
Student	King's College London	Comparative Literature	Work in theatre/ possibly university professor
Student (just graduated)	Royal Holloway, U of London	Drama and Theatre	Currently working as freelance drama and dance teacher in Bristol. Continuing to study to become a better teacher at Dance Academy South West. Would like to teach in Jersey
Student	U of Bristol	LLB Law (with year abroad studying in Singapore)	English solicitor and return to the Island in 5-10 years.
Student (5 <sup>th</sup> year student)	King's College London	Medicine.	Pursue hospital based medicine off-island.

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## Tertiary Education: Student Finance

Student (4 <sup>th</sup> year student)	St Andrews	English and Modern History	Unsure but probably off-island. Would like to study post-grad if funding were available.
Student	Jersey College for Girls (going to University of Maastricht next September)	Econometrics and operations research	N/A
Student (6 <sup>th</sup> form)	Hautlieu	N/A	Hoping to attend BIMM to study "music production".
Student (6 <sup>th</sup> form)	Has offer to attend Lancaster U. Also considering going to European u's to study maths	Biological Sciences (4 year course)	N/A
Parent	Daughter wanting to study split between Jersey and Chester. Specialism in nursing	Specialism in nursing	

### 1: Current Problems or Experiences with Student Financing. How are you resolving them?

- Means-testing is insufficient. Reflects an "old-fashioned" class divide. Middle income bracket families are badly affected.
- Needing to support own living costs independently, despite family "wealth".
- Financially dependent siblings at university at same time, leads to different contributions towards fees from government.
- Current system encourages low-income families to go to university "for the sake of it" but discourages middle-income families from attending.
- Lack of communication and support from Student Finance.
- Didn't get informed that there was no loan system.
- System forces students to need to work, whilst studying. This has negative impact on results. (Example of one student who working that evening and couldn't attend- has exams in a few weeks).
- System discourages graduates from returning to the island. Couldn't afford to anyway with price of housing etc. No tax-breaks.
- Overall table felt they had had a "hard time"

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

- Student loan combined with needing to fund child living abroad is still a “big hit”.
  - When you factor in the £9,000 fees plus similar again for living costs, earning £90,000 a year suddenly isn't that much. Imagine if more than one child at university at same time!
  - Middle income families hardest hit.
  - Medical- NHS has a bursary for UK students but Jersey students don't have access to one. These sorts of longer courses ultimately cost far more for jersey students.
  - Need to work whilst at university or before going to.
  - In Jersey many parents will have already paid fees for their child's primary and secondary education as there is only one 6<sup>th</sup> form college etc. At what point should parents be paying for their children to be educated?
- 
- Majority of people make too much money in Jersey to get their grants. When compared to the cost of fees, which have risen to £9,000, this is ridiculous.
  - Last time the brackets were altered was 2001.
- 
- Students feel guilty by not being independent. Dislike hardship forced on their parents.
  - Older siblings also feel guilty for taking funding for younger brothers or sisters who then may not be able to attend.
  - Pressures placed on family by financial hardships can lead to divorce.
  - By paying out of own pockets immediately, students may not have enough money left over to enter into many activities outside of the classroom. E.g. rugby club and needing new kit. UK students can dip into their loan for such things.
  - Working at university instead of time for studying.
  - UK fees being so expensive encourages students to study abroad.
  - There are no incentives to return to the island. E.g. tax breaks.
  - Students have to take between school and university to earn enough to go.
  - Students don't feel like adults. Finances are based on their parents, not themselves.
  - Angry at the JIBS headline. Going away also an important part of the experience.
- 
- Daughter doing nursing degree. It's not everyone's cup of tea.
  - Student finance not very helpful. Still don't know who, or when by I need to pay, nor how much.
  - Her course split between home and Chester. I also have to pay air fares etc.
  - If Jersey is spending half a billion on a new hospital, surely they need to fund staff to fill it.
  - Could States not buy a house in Chester for nursing students to use? Otherwise, having to pay for short-term accommodation is impossibly expensive.
  - There is an “up to you” attitude from key student bodies.

### 2: Who benefits from Higher Education?

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## Tertiary Education: Student Finance

- NOT the family: puts an undue strain on them. : puts an undue strain on them.
- The Island's private sector. Families having to mortgage houses or take loans.
- The Island benefits only if graduates come back. At the moment they aren't.
- Higher Education centres in the UK benefit from cost of studying there for Jersey students.
- Future employers
- However, for some people and for some subjects, is the degree merely a piece of paper that has little real value?
- Economy for the future graduates home and family later in life.
- The Island: A more intelligent population leads to higher wages and therefore taxes. Improves society as a whole.
- Encouraging graduates back will help with an ageing population.
- Skills graduates come back with may improve the education at primary and secondary (an extra-curricular) level.
- Doesn't encourage students to promote Jersey whilst away/abroad.
- Helps break down the insular and "bigoted" behaviour that exists in the Island. "Multiculturalism is an improvement."

### 3: Should Higher Education be a Given Right?

- Ultimately yes, although the current system doesn't allow this.
- Important to gain independence and a broader experience as part of your life.
- There should be no obligation to return, but no barriers either.
- There is only a limited market for graduates, centred round the financial services market.
- Providing and supporting other options besides university is crucial. e.g. apprenticeships.
- Studying in Jersey should also be encouraged as it is more affordable and liked by some who don't wish to go away.
- Need for mainly finance related degrees at the moment, but this only reflects Jersey as she currently stands. We may need other skill in the future.
- "My comparison would be to a Welsh coal mining town, when the mine closes."
- It should be a given right to have the choice to go, affordability should not be a barrier.
- Academic ability should be a line in the sand, but no more than it is now with universities requiring a certain level and number of qualifications to attend.
- Having a working loan system would mean that there is no threshold limit to attending- students would be ultimately responsible.
- The acceptance of your application by the university should be the only barrier to attending.
- The decision of going and paying for it should be in the hands of the student, not their family's income or the government.

### 4. Who is Responsible for Student Finance?

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## Tertiary Education: Student Finance

- The government is ultimately responsible.
- However, you must be able to pay it back.
- Sure there is a way for a government to provide money for higher education.
- “Who is responsible for student finance is not relevant to tonight at the system is broken”.  
“We are discussing the problems not the responsibility.”
- Students should have a stake in their futures and be responsible to pay any loans back.
- A student is an adult not a child. At moment not treated like one.
- Tiers of grants reflect the parents, not the situation of the student.
- Feel there is a reluctance to start a loan system as there would be no returns for the initial three or more years.

### 5. “How would you Finance a Loan System?”

- More taxes?
- A graduate tax?
- Government should be able to borrow money from the banks. Low interest at the moment after all.
- Use the consolidated investment fund.
- Whatever mechanism is used to fund it, can’t impact negatively on graduates returning. A graduate tax would simply encourage students not to return.
- “Why are you asking this question? The responsibility is not ours to fix it but the government!”
- We as students would be happy to pay back what we borrow.
- If the money slips through the cracks, with students avoiding paying back, who will top up the fund?
- Could we not use the rainy day fund?
- “We are currently facing an educational emergency” and the government is not prepared to fix it.
- If levels of education in the Island falls behind, how do you then bridge that gap?
- “Why don’t you send a questionnaire to all students? Would have better coverage than from this”

### 6. Does Current System Encourage?

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## Tertiary Education: Student Finance

- Discourages because makes studying so expensive.
- Need to choose between children a potential- discouraging and a challenge.
- Difficult as need to take drastic action to pay- mortgaging house or taking a loan.
- Heard of whole families leaving Island to get their residency for UK student loans. They then don't return.
- System only encourages studying to get a degree to work in the finance industry/ something employable in the Island.
- Many of the best institutions are in the UK, blocking students from going, or forcing to studying the Continent is wrong.

### 7. How did you find out about Higher Education Funding?

- Older siblings (experience)
- Word of mouth
- 6<sup>th</sup> form lessons- but limited help.
- *“Why are students’ not finding information if it is there? - and it is online.”*
- Need a separate and use-friendly site for information. This would be more ideal.
- Students could get information earlier? Perhaps starting at GCSE level.

### 8. Improving the Grant System

- Concept of grant system is not wrong, it's the means testing that is not right.
- Needs more depth to the testing and in more detail to reflect the realities people face.
- There is a distinct difference between incomes and disposable incomes.
- Divorced parents may benefit better than married. i.e. one parent wealthy but children funded by mother.
- Is a loan system perhaps more viable in the current financial climate?

### 9. How could a loan System Work?

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- Bare minimum for a loan should be the fees plus a percentage of their maintenance.
- Needs to be flexible with different levels of funding depending on the families choices.
- Could be financed by the strategic reserve.
- Funding through taxes is unfair as some will never benefit who don't go away.
- States of jersey could set up a loan. This would avoid a bank/privately funded one.

### 10. Criminal Offence not to pay loan?

- Yes. There should be a minimum threshold before you start paying back, like in the UK.
- Variable interest depending on if you returned to the Island or not?
- Would loans have a guarantor anyway? Surely would be recouped that way.
- Loans would only discourage a student from going to University if they were going for the wrong reasons in the first place.

### 11. Staying in Jersey vs. UK higher education

- More secure in Jersey. Better for some.
- Going away is a crucial life experience. Gaining and learning how to be independent.
- Can't really expand much on what is currently on offer in Jersey. The ability to get academic experts in vs. the size of potential student bodies is unrealistic.
- Never going to attract the best academics or become a top university.
- There is a danger of forcing people into staying here to study for their higher education if going away costs too much money/ investment in a "University of Jersey" too high.

### 12. Conclusion/ Concluding Attendee Comments:

- A loan system would provide independence whilst also being affordable to students?  
(Attendees agree)
- Whilst only a few students here, we know that many more who couldn't attend agree with us. The attending numbers are not representative of the student body's feeling.
- Have to remember that for current students, any changes that occur will be too late for them. This might have discouraged attendance.
- The event was publicised well. But due to point above, difficult to attract attendees.

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## Tertiary Education: Student Finance

- Student Finance took their details and said even without a grant they should stay in touch. Throughout university, they never heard from them again.
- Underlining point is that what families have going out of their accounts is different for each household. Their total earnings do not necessarily reflect this.

# Education and Home Affairs Scrutiny Panel

## Tertiary Education: Student Finance

### APPENDIX 4.

#### Workshop 2 (Parent-focused)

##### Education and Home Affairs Scrutiny Panel:

##### Higher Education Funding Workshop 2 (Parent-focused)

#### Meeting Notes:

Total Number of attendees: 59 parents/students and 2 Media Representatives

#### Introduction: Scrutiny Officer

- Outlined last week's meeting with students.
- Introduced the Education and Home Affairs Scrutiny Panel
- Introduced advisor: President of the Higher Education Policy Institute and going to be providing an independent viewpoint, alongside best practice advice.
- What is Scrutiny? The role is taking evidence evaluating/analysing it and then making recommendations to Ministers and the other politicians.
- Introduced the Scrutiny Officers.
- It's a workshop and so you will be actively participating.

#### Introduction: Deputy Maçon

- Why are we conducting a review? Panel was contacted by many parents expressing concerns.
- First point of their wider study of education is into higher education (HE) and student funding.
- Panel will be circulating during evening to find out your views in person.

#### 1. Who are you? Why are you here?

- All on our table have children hoping to go to university.

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## Tertiary Education: Student Finance

- Worried about the financial support availability for single parents or those with ex-partners.
  - Want to know more about the cap. What are the salary totals for these?
  - Feel that higher education funding should be based on the natural father to make fair.
- 
- All on table are parents. Either with children currently, already been or might be going to university.
  - Feel there is a current shortfall in grant and here tonight to see what can be done.
  - How can parents afford to spend such a large amount of money in such a short period of time? Why is there no means for this cost to be spread?
- 
- Our table are all parents but some of us also work in education. Our children are at university or soon will be.
  - One of us works in the international business school or in other environments where we see the effects of what is currently arranged.
  - Feel the bracket even right at the end of the grant is too expensive to study either on or off-island.
- 
- Our table is all parents also. We want to know if a review will look at introducing a loan.
  - Our key concerns are the measures those on the table are taking to finance their children's university education. E.g. choosing which of their children to send or re-mortgaging their homes.
- 
- All parents again. Specific concerns are wit having twins or multiple children at university simultaneously. Costs involved and inflexibility of grant/allowances.
  - Funding and financing available for step-families. How does this work?
- 
- Large variety of parents here, as well as teaching professionals. Also 2 current students. One works for the consumer council.
  - Feel university is expensive and would like to hear how others are coping as they struggle. What prospects are there for current students to see change?
  - What about funding for adults/mature students. For those who have left education and wish to go back to it.
- 
- Our table are parents to a total of 14 children. One example of a father sending 2 children to university but unable to afford to send the last 2.

### Scrutiny Officer:

- Outline of current grant system. (Requirements and guidelines of)

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## Tertiary Education: Student Finance

- Qualifications needed.
- Composition of the award is split between the maintenance grant and the tuition fees grant.
- Parental contribution based on means testing. This is a sliding scale based on earning up to approximately £90,000.
- NATWEST offers a loan of up to £1,500. Only provider.
- Other details also important and can be found in booklet on table. What if child fails to finish their studies for example?

### 2. What are the Current Problems? What Have Been your Experiences? How Have Your Problems Been resolved?

- Whatever financial bracket you are in, it's too expensive.
  - Falling to a last resort and mortgaging homes.
  - UK children could stay at home. Not first choice of university but still a possibility.
  - Why can't Jersey join the UK loan system?
  - Impact on family of choosing a child to send to university. This is very wrong!
  - Sold their home in the UK to pay for their university costs. Also working.
  - Children saying they are happy not to go- but is this fair if no real choice?
  - One works for *Resilience Development Company*- Part of this business is called *Resilience Matters*. Deal with mental health issues. Can see how the worry of finding money to pay for child to go is potential harmful.
  - Is it fair for child/family to potentially be in debt for rest of life when some UK students never pay off their student debts?
  - Feel that these problems are not being resolved.
- 
- We feel that children aren't able to go. Why can't the student have a contract with university as they are no longer children?
  - Some of their children taking jobs to pay for their education. Working late affecting grades.
  - There was no advance warning about university costs and no suggestions made to start saving in advance.
  - Shortfall in grant in reality. Not reflective of real costs.
  - Families using pension funds or grandparents selling homes to pay for children to go to university.
  - If can only afford to pay first year. What happens then?
  - Assumed they could get a loan for education. Only recently found out this isn't possible.
  - Students working both during holidays and then when back at university. This affecting results.
  - Feel also not being resolved.
  - Reality is families are taking private loans and working more hours to pay for it.

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- Specific example from table is clinical costs of medicine.
  - Extra costs in studying this subject.
  - Financing different but still not enough.
  - Child went to Ireland to live near family as can't afford to travel back and forwards to Island all the time.
  - Cost of fees in euros is not same as if studying in UK due to post-Brexit markets.
  - Student finance only pays what they claim is cost of medicine on average course- £18,000. We couldn't find this anywhere.
  - Reality is they are nowhere near fully covered for these costs.
  - Ordinary families can't afford to pay for their children to study medicine.
- Every course is different (medicine, teaching etc.) but grant doesn't reflect this.
- The minimum level of £26,000 for grant is very low, even if raised to new suggestions of £34,000. Not many families with a combined income this level. Bottom bracket should be raised higher.
- Jersey needs a skilled workforce. Jersey is now resorting to importing this externally.
- Funding system has not advance since 2001. It's a decade out of date!
- Family needing to sell assets to pay costs.
- Problems seen with recruitment in-Island as potential employees with families are put-off by lack of grants and loans compared to UK.
- Our children are feeling punished despite doing well in school. The promise being rewarded if you worked hard t school no being met.
- Selling their houses, eating into pension and savings. This means they be later a burden on society.
- Current reward allocation is too low.
- System is also slow in the rewarding of grants. Example from gentleman who stated that their tax forms were copied and sent in January. Place was confirmed at university and they paid first contributions to accommodation. It wasn't until the end of August that the grant guarantee arrived. They needed to appeal but this hearing didn't take place until November and not resolved until then. Child was already started by then. This will then be the same ever year for three years.
- Lack of incentive to earn more. This surely results in diminished tax-returns for the Island. Tax breaks would help with this.
- Son took a year out to pay for own education. This was then taxed before he even started!
- Post-graduate funding not adequate with only 12 bursaries available. These level qualifications are often more professionally focused but restricted from access.
- Problems seen around downsizing house to pay for university. Family difficulties when child wants to come pack (holidays and permanently). This increases if parents split and one can't house child anymore.
- Conflict of interest amongst family. If child wants to go and study something but parents don't acquiesce. Children currently not independent enough to make own decisions and take burden personally on.

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### 3. Who will Benefit from Higher Education?

- Everyone: Economy, society, families, students (from experience of going away too)
- Graduates and trained people are important for the Island.
- Higher education often means higher earners and therefore higher tax payments.
- “Historically beneficial” as will provide higher contributions to island in long-term.
- New ideas and opinions useful for a small island.
- Whole of society will benefit. Living in a small-environment means you need to gain life experience. Key is to go overseas and see new cultures and peoples. Useful personally and to Island on return.
- Prestige value of having an educated society. Seen with secondary education in Island currently. This is not reflected in HE currently.
- Social-capital attached to a degree. Degree is so much easier to gain if you live in UK and can get a loan. Means more occupations now require a degree. If Island doesn't match this, students will fall behind UK equals.
- Masters degrees: Often needed to advance in a profession now. No ability to study later with a grant or for many postgraduates in general.
- Finance industry is currently key in the Island. What will future hold however?

### 4. Is Higher Education a Given Right?

- Yes. Student's right to choose however.

### 5. Who is responsible for Higher Education?

- Rates need to be realistic. Parents are willing to contribute.
- States should be responsible for their children. Many parents already paying for secondary education.
- Means testing needs to be more reflective of the individual circumstances each family faces.
- 3 years of education means that family circumstances may change during that time.
- Means testing is fine but cost of payment for university needs to be spread more.
- It's the student's decision. Need to be responsible and a loan would allow this.
- If 18 and allowed to vote, should be allowed to finance their own education.
- Dependence over university is holding children back from growing independent.
- Little bit of both: States, student's own loan and family topping up.
- Responsibility should be spread to reflect the benefits. Businesses or States need to provide greater funding.
- Don't know what is coming. Might have saved enough but then redundancy in family or fees go up from £3,000 to £9,000.

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- Those companies asking for degrees should be able to help pay for them.
- Happy for us as parents to pay for child, not the State. But any loan needs to be spread over a reasonable number of years and at a good rate of interest. Reality is it has to be the parent's guarantee against loan.
- America vs. UK system. UK system not built to encourage working whilst studying (in-between terms).
- Combination of student-parent-State.
- Personal reflection: 2<sup>nd</sup> year studying in Jersey doing a degree. At 18, I wasn't mature enough to understand the implications of a loan. Whilst it is my responsibility, I know myself and many of my peers would not be in a place to make financial decisions like that. School vs. life-ready.
- Other students last week were saying that UK students have an easier decision to make as a loan available.
- Jersey student mind-set with no loan vs. their UK counterparts. Very different mentalities.
- All everyone wants is an equal opportunity. Is this currently a partnership?
- Opportunity for all to go to university- Middle group of earners especially hard hit.
- Students last week wanted independence to make choices.
- Universities are holding us to ransom- quality-length (could study in two years what currently takes 3). Should be holding universities as service providers to account.
- *(Advisor): Not realistic that Jersey could influence UK universities decision-making. What's being discussed in UK, rather than length of courses is the time in contact with lecturers.*

### 6. Does Current System Encourage People to go and Study?

- Son wants to be a doctor: I'm a single father. How can I afford for him to go? Island would surely greatly benefit and as son worked hard at school, why shouldn't he have chance?
- I will either have to sell house or move to UK to access the loan scheme there. Currently have 4 jobs between 2 parents.
- Encourages a brain drain in the Island. Leads to a less academic society.
- Double-edged sword. Parents leaving to access funding and students choosing not to return.
- Stifling of recruitment. Not going to come to Island if their children will then suffer as a result.
- What if you are over 25/mature student? Lives are changing and technology rapidly so. Means lifelong learning is a reality. This should be available as cradle-to grave funded education provision.
- Son feels let down and therefore less likely to return after university.

### 7. Where did you get information from, regarding Higher Education?

- From school
- From Education Department and student finance.

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- Up until then no knowledge of realities of funding.
- Diligent searching required online. Information not easy to find online.
- No information about how to cope with financing worries- because no coping mechanism are provided!
- Only informed when child in 6<sup>th</sup> form. Needs to be earlier if need to save.
- Had no concept of the costs involved.
- Someone told in primary by friend to save, but this exception to the rule.
- Costs have tripled and even if have known to save, would have been for wrong amount.
- Website is out of date and incomplete.
- No grant calculator. This would be extremely helpful.
- Information provided in 6<sup>th</sup> form was incorrect.
- Only found help from the *Student Loan Support Group*.

### 8. How Could Grant System be improved?

- Means testing need to take into account the real wages and predicaments faced.
- Grants need to reflect real costs of going to university, not the headline costs only.
- Needs to be supported by a loan scheme to top-up.
- Maintenance grants needs to reflect the real accommodation plus living costs on top of this.
- Living at home vs. living away. As a student living at home, perhaps my grant is too generous and needs balancing?
- One formula can't ever apply across the board. Needs to be more flexible and done perhaps on an individual basis.
- Grant not reflecting what parents are already paying out. E.g. Cost from previous child at university.

### 9. If Graduate Numbers Decline, How will this Impact our Island?

- Many will not return. Companies will need to recruit abroad.
- Why expand an on-island "university college" if not enough numbers to fill the places there?
- There are critical voids in nursing and social work. No courses on-island for these.
- Why should graduates return if Island is not giving them support now?

### 10. Gains and Losses from Studying in Jersey?

- Portability of qualification not as easy if from Jersey.
- If you grew up in Jersey and then stay here to study, you are becoming very insular in your views. Need to study abroad to see and learn about the bigger picture.
- Financial gains for the Island if study in Jersey.
- *"Why can't you study farming in Jersey!"* (Mike Dunn)
- Stigma attached to studying on-island. Even if it is a UK university on the certificate. Reality is that you can study on-island and do what you would have done if abroad. It's just a

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different path. Can gain work-experience on-island and more likely to gain an immediate career on completion because of this.

- We've been talking all evening about sending children to university but the reality is that it is the students' decision as adults.

### 11. How Could a Loan System Work?

- Using the rainy day fund as a guarantee against a loan scheme.
- Finance industry could and should help more. Business have a responsibility. This could be a tax on importing graduate from outside.
- We must recognise we have finite resources to fund such schemes however.
- All industries should have input and an incentive to input support. They ultimately benefit from graduates returning after all.
- A graduate tax? J-cat tax?
- Overseas employees brought in should be taxed to the company they work for.
- Ultimately it's the States of Jersey's responsibility to make it work.
- Scheme needs to be accessible for all students, not a scheme that blocks middle earners.
- Deputy A. Lewis: *Like with the Hospital, we could use the rainy-day fund and a bond to pay for a loan scheme. Could have a bond for education as current interest rates so low.*
- Should be a loan accessible to all, a grant for some or a mixture of all of these?
- If a child wants to go and has the grades, finance should be available- This would then be repaid in both repayments (over a reasonable time), higher taxes and talent.

#### Scrutiny Officer:

- What's happening next:
  - Going into schools
  - Public hearing tomorrow.
  - Submissions from public by end of January.

#### Advisor:

- Problems have been "dumped" on you by UK's changes to system over time.
- Will be making comparisons between jurisdictions.
- Declining numbers going into tertiary education. Largely unique to Jersey when compared to most of Europe.
- Finances devoted to education are extremely low.
- Reasons behind this could be the low tax, low spending government policy.
- Will be looking at a variety of reasons and examples:

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- Graduate tax
- Levies on businesses
- Finances being arranged by parents from child's birth.
- Relationships with overseas universities compared to UK.
- University College Jersey: needs to develop. Necessary for the Island.
- Loan system: Not necessarily based on UK one.
- Mythbusting exercise:
  - UK doesn't have as large a level of defaults as many believe.
  - Terms of loan mean not repaid after 30 years. This is not defaulting.
  - Jersey's government could tailor-make their loan scheme to suit Island.
  - Comparison to Singapore where parents act as guarantors.
  - Germany and Australia: Loan values deliberately build in costs for non-repayments by others.
- Looking to the future: No cheap options: But at moment the current structure based on the political philosophy present in the Island: Low taxation and low government expenditure. Politicians ultimately need to decide if this is what they want. They can't have both low spending and high educational returns.

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### APPENDIX 5.

#### Local courses

<b>Subject</b>	<b>Qualification</b>	<b>Provider</b>	<b>Mode of study</b>
Applied Accountancy	BSc	BPP (Oxford Brookes University)	Part time
Applied Accountancy	BSc	One Study (Oxford Brookes University)	Part time
Architectural Technology	BSc	University College Jersey (Highlands) (London South Bank University)	Part time
Art	FdA	University College Jersey (Highlands) (Plymouth University)	Part time
Business and Management	BA (Hons), with embedded FdA	University College Jersey (Highlands) (Plymouth University)	Full time
Business Administration	MBA	University College Jersey (Highlands) (Southampton University)	Part time
Childhood Studies	BA (Hons), with embedded FdA	University College Jersey (Highlands) (Plymouth University)	Full time / Part time
Construction Management	BSc	University College Jersey (Highlands) (London South Bank University)	Full time
Construction Project Management	PgDip/MSc	University College Jersey (Highlands) (London South Bank University)	Full Time
Financial Services	BA (Hons), with embedded FdA	University College Jersey (Highlands) (Plymouth University)	Full time
Human Resources	MSc	University College Jersey (Highlands) (London South Bank University)	Part time
International Financial Services	BSc (Hons)	Jersey International Business School (The University of Buckingham)	Full time
		<u>Jersey International Business School website</u>	

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Subject	Qualification	Provider	Mode of study
International Financial Services	MSc	Jersey International Business School (The University of Buckingham) <a href="#">Jersey International Business School website</a>	Part time
IT for Business	BA (Hons), with embedded FdA	University College Jersey (Highlands) (Plymouth University)	Full time
Law (Degree)	LLB	Institute of Law (University of London)	Full time / Part time
Nursing - Adult Field (Pre-registration degree programme, enabling students to study on island for their degree to become a registered nurse)	BN (Hons)	Department for Health and Social Services (affiliated with University of Chester) <a href="#">Email Pre-registration team</a>	Full time (work based)
Nursing - Professional Practice (undergraduate degree programme for registered nurses, midwives and other registered health and social care practitioners)	BSc (Hons)	Department for Health and Social Services (affiliated with University of Chester) <a href="#">Email Post registration team</a>	Part time
Nursing - Professional Studies (postgraduate degree programme is for registered nurses, midwives and other registered health and social care practitioners)	MSc	Department for Health and Social Services (affiliated with University of Chester) <a href="#">Email Post registration team</a>	Part time
Nursing - Advanced Practice (postgraduate degree programme is for registered nurses, midwives and other registered health and social care practitioners)	MSc	Department for Health and Social Services (affiliated with University of Chester) <a href="#">Email Post registration team</a>	Part time
Public Law (Masters)	LLM	Institute of Law (UAB Barcelona)	Full time / Part time
Secondary school teaching	JGTTP	Education Sport and Culture (Institute of Education, London University) <a href="#">Email Gail Le Couilliard</a>	Full time (work based)
Social Sciences	BSc (Hons)	University College Jersey (Highlands) (Plymouth University)	Full time / Part time

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Subject	Qualification	Provider	Mode of study
Sport and Management	FdA	University College Jersey (Highlands) (Plymouth University)	Full time

FdA: Foundation degree

BA / BSc: Bachelor of Arts / Bachelor of Science

BN: Bachelor of Nursing

LLB: Bachelor of Laws

LLM: Master of Laws

JGTTP: Jersey Graduate Teaching Training Programme

MSc: Master of Science