FUNDING OUR FUTURE

BLUEPRINT

FOR AN ALTERNATIVE HIGHER EDUCATION FUNDING SYSTEM

national union of students

Our Policy Aims

Student financial support should be treated separately from the question of an individual contribution

Student financial support should be appropriate to real needs

Individual contribution should be retrospective, progressive and only taken where there is a clear ability to pay

There should be much more flexibility for students, so that they can move around in higher education in a much easier way

The system should be more efficient and there should be more resources for teaching and support for students

The financial ‘compact’ between the state, individuals and employers, should be re-established. Each should play a role within any new, fair and progressive funding structure.

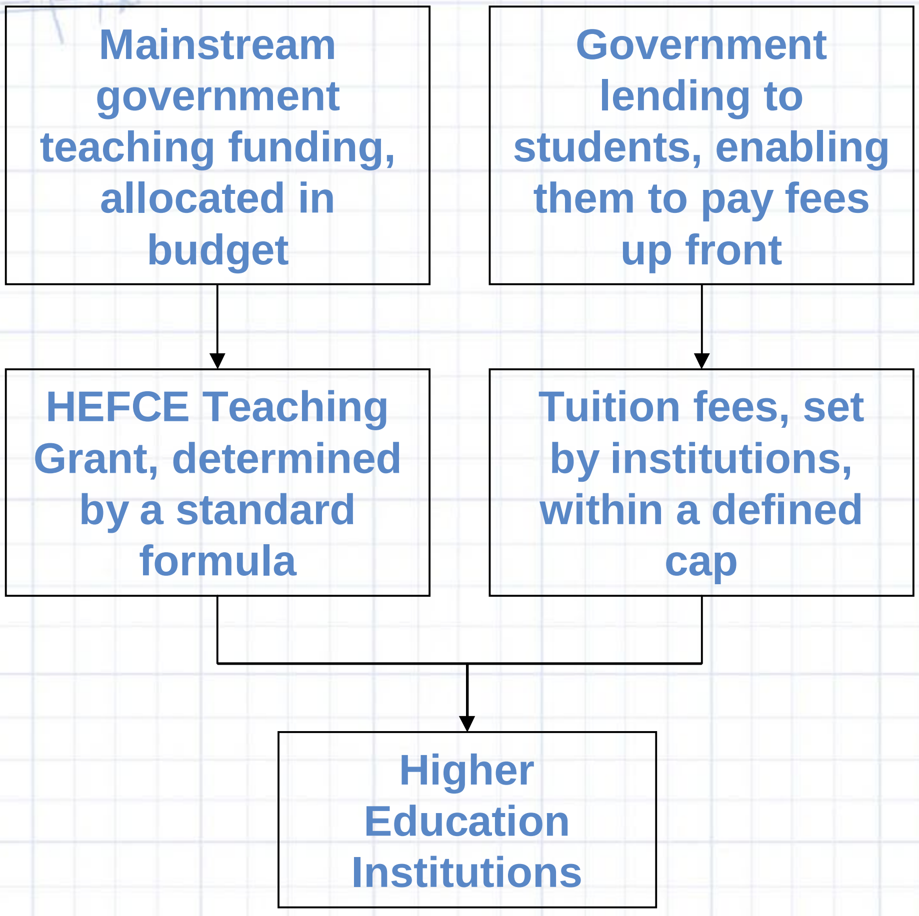
Context and Scope

- Review into higher education funding expected to be announced soon, to report after the general election
- We are setting out an alternative to the current system now, to ‘disrupt the consensus’ that top-up fees are the only way
- Our alternative system undoubtedly not perfect, but would be better, and shows how different principles and values can work
- No proposals yet on reform of student financial support; we will follow up later in the year after the review has been announced
- In keeping with the expected scope of the review, this work doesn’t directly cover the devolved nations, international students, or postgraduates

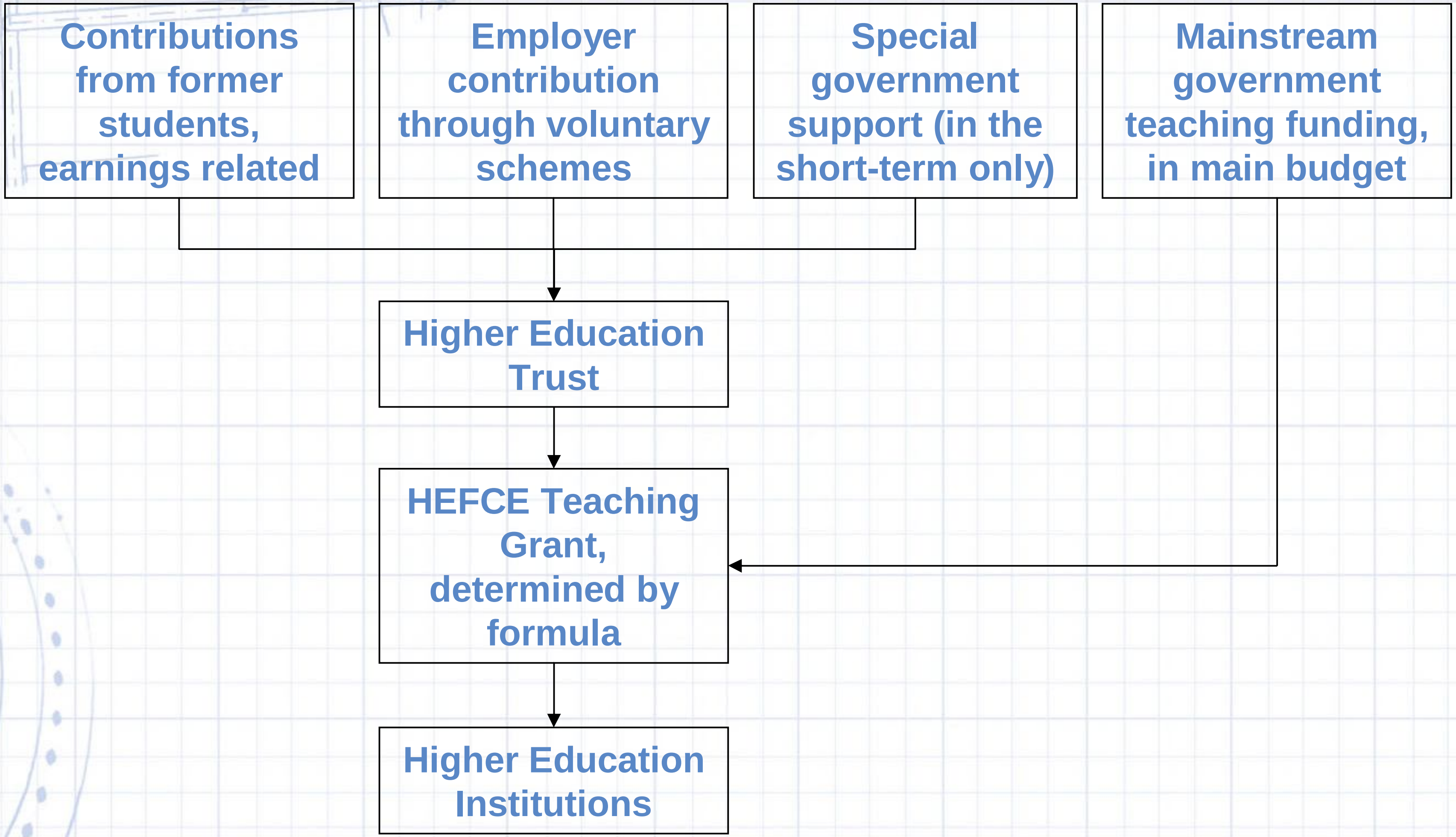
An Alternative Approach

- A new People's Trust for Higher Education should be established. This would prevent truly variable fees and an open market within undergraduate higher education.
  - A stakeholder fund, built mainly on contributions by former undergraduate students and their employers, and the employers of current students
  - Independent of government and controlled by a board including representatives of universities, students and employers
  - Funds from the Trust would be channelled to higher education institutions via the Higher Education Funding Council (HEFCE)
  - Main government spending on higher education would continue as it is now, and would not be directed through the Trust

The Funding Structure Today



A New Funding Structure



Personal Contributions

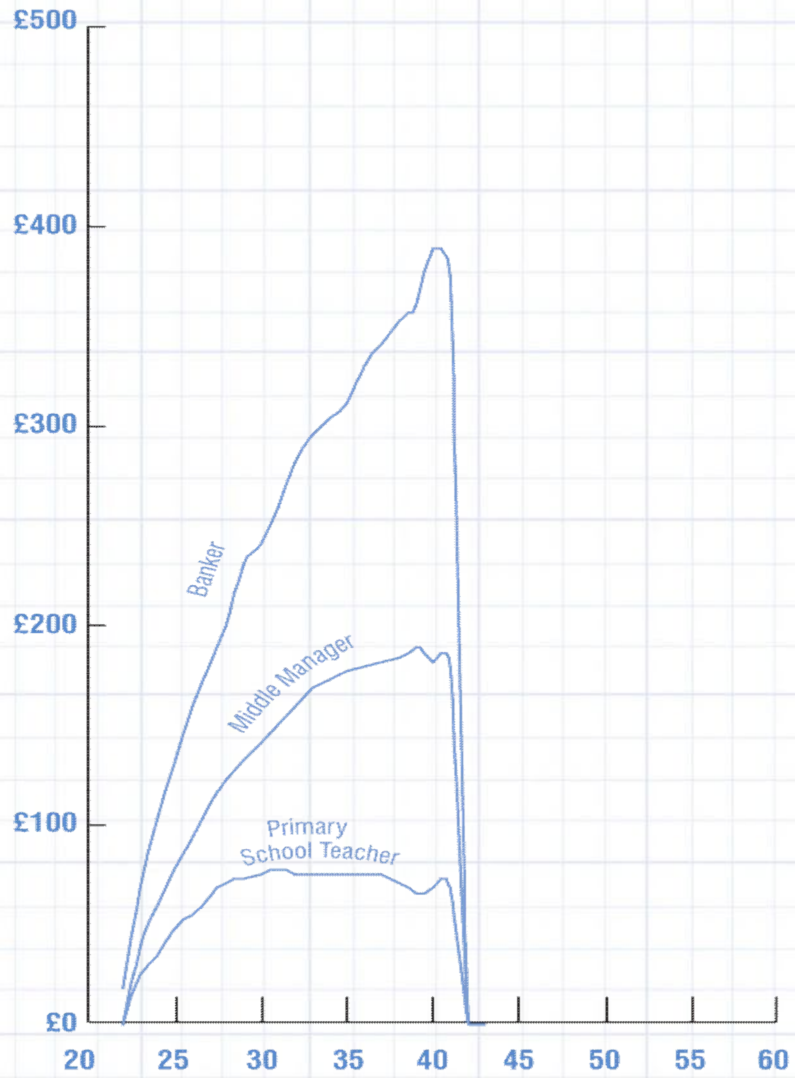
- Former students would make contributions to the Trust for a fixed period after they complete their courses, instead of paying fees fixed when they start their courses.
  - Full-time and part-time fees would be abolished; no up front payment at all, for either full-time or part-time students
  - The actual proportion of earnings sought in contributions would be variable and progressive, changing with earnings
  - Payments would be spread out and would therefore be more affordable; for example, a person earning £30,000 would be £37 better off each month than under the current system

Personal Contributions

- This means the total contribution a person makes would be linked to the benefit they obtain from higher education over a longer period, leading to a much higher total contribution from very high earners. But this would not be a simple ‘graduate tax’.
  - A lower threshold would be put in place to ensure no contribution is sought from very low earners
  - A payment time limit of twenty years would ensure people do not contribute for their whole working lives
  - More flexible than a tax, because of credit-related payment

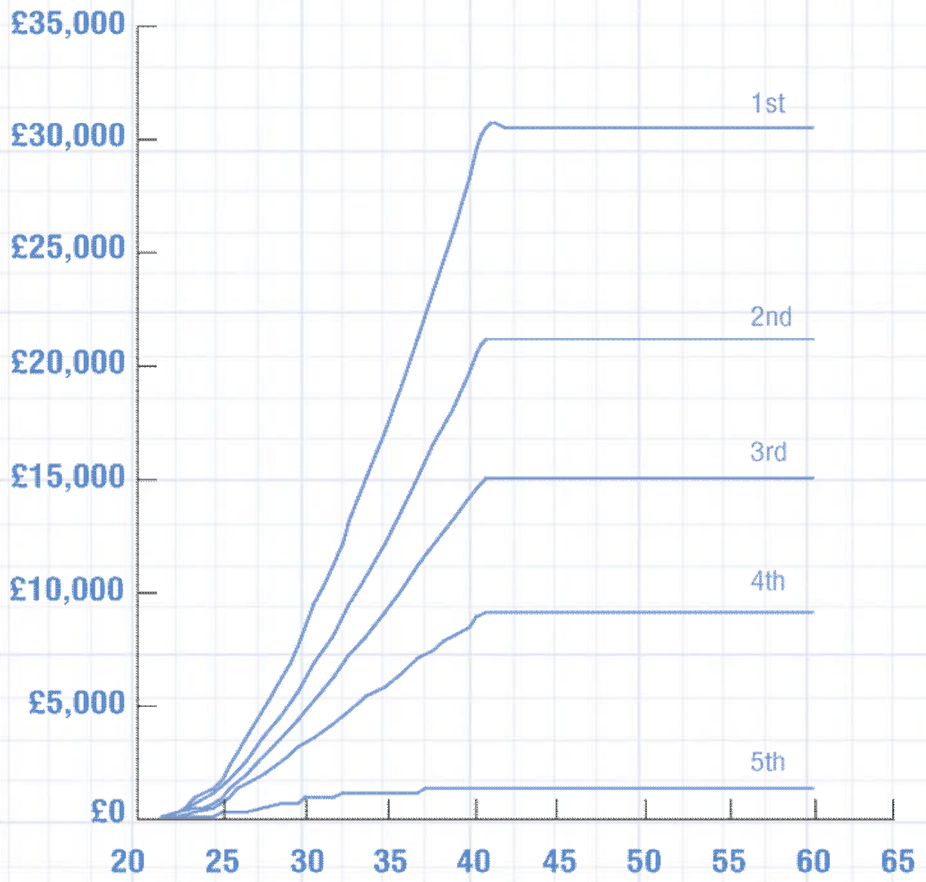
Projected Monthly Contributions

Annual Earnings (£)	Monthly Payment (£)	Contribution Rate (%)
15000	0	0.0
20000	25	1.5
25000	51	2.4
30000	76	3.0
35000	101	3.5
40000	126	3.8
45000	152	4.0
50000	177	4.2



Projected Total Contributions

Graduate Earnings Segment	Contribution Rate (%)
1st Quintile (top 20% of earners)	2.5
2nd Quintile	2.3
3rd Quintile	2.0
4th Quintile	1.5
5th Quintile	0.3



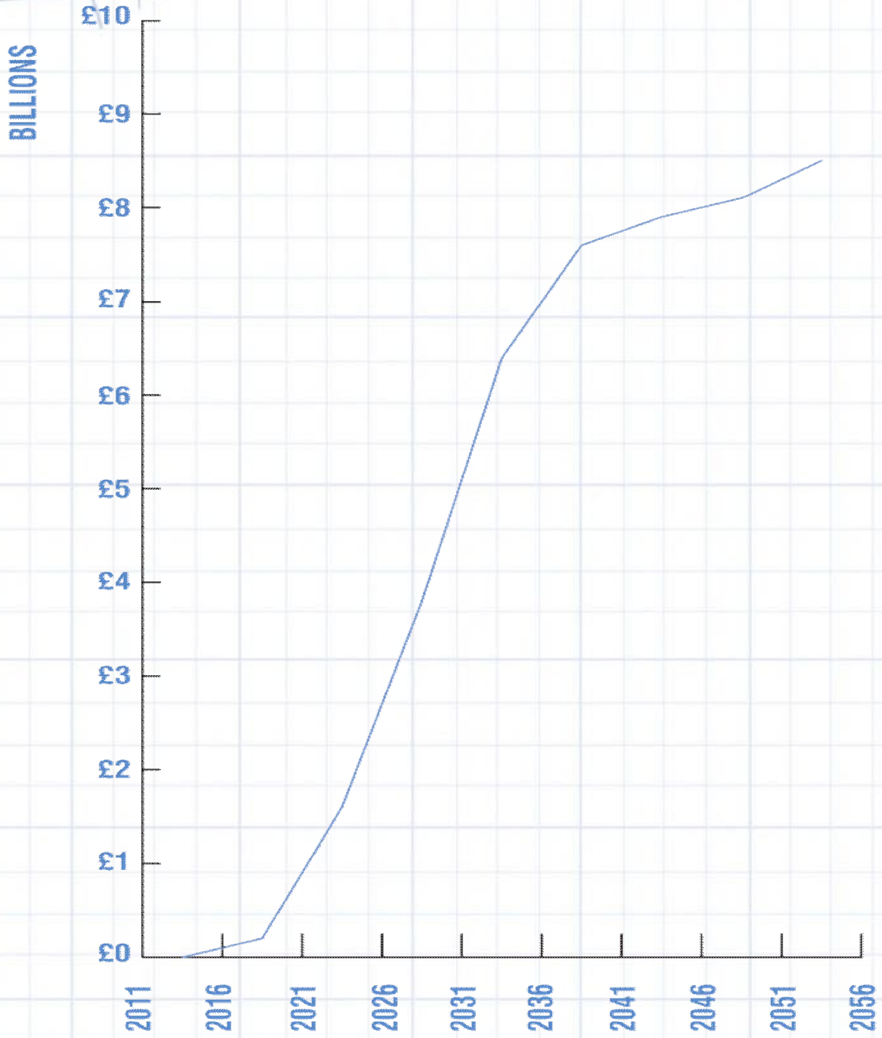
Flexibility for Learners & Employers

- Far more flexibility and support for lifelong learning through the use of credit-related structures, and a major boost of employer funding and support.
  - Contributions also linked to the number of higher education credits that people have studied; people could build up their credits over time, moving in and out of higher education and between full-time and part-time courses
  - A voluntary scheme for employer contributions would operate in parallel with the main personal contribution system; employers would be able to help their employees to study by paying for some of their credits up front, or by ‘paying off’ credits they have already taken
  - Equivalent and Lower Qualifications treated in the same way as other qualifications

An Alternative Approach

- More funding for the higher education sector would be available, bringing long-term security and sustainability.
  - After twenty years of operation, total revenues from personal contributions would be £6.4bn each year, after thirty years £7.9bn each year, and after forty years £8.5bn each year
  - This compares with estimated revenue of £6bn each year from fees under the current system, if the cap was set at £5,000
  - The government would need to put in some money in the short-term to make the system work; eventually, government would make considerable savings compared to lifting the cap in the current system

Projected Revenue



Key Features

- An independent Trust for Higher Education
- Set up so government cannot ‘raid the coffers’
- Fair and progressive contributions for people who have studied
- Abolition of up front fees for part-time students
- Flexibility created by using academic credits in the scheme
- Employers can support people more effectively
- An end to the Equivalent and Lower Qualifications problem
- More money for higher education in the long term

Key Outcomes

- It is fairer, more progressive and supports widening access
- It prevents variable fees so all students are treated fairly in the future
- More money for higher education in the long-term
- An end to up front fees and a better deal for part-time students
- Greater flexibility and focus on lifelong learning

If you have any questions or would like to feedback your thoughts

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