



SCOTTISH EXECUTIVE

Enterprise and Lifelong Learning

Funding for Learners Review:
Funding Available to Learners in
Tertiary Education –
An International Comparison



**FUNDING FOR LEARNERS REVIEW: FUNDING
AVAILABLE TO LEARNERS IN TERTIARY
EDUCATION – AN INTERNATIONAL COMPARISON**

**SCOTTISH EXECUTIVE
ENTERPRISE, TRANSPORT, AND LIFELONG LEARNING
DEPARTMENT**

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EXECUTIVE SUMMARY

1. This report provides an overview of how financial support systems for tertiary education students operate in different countries. It presents a comparative study of funding systems for tertiary education in Scotland with other selected countries. The other countries considered are: England, Denmark, Germany, Italy, The Netherlands, Sweden, Australia, New Zealand, Canada, and the USA.
2. The report provides a detailed overview of the funding systems in each of the different countries. The information on which this overview is based was gathered from a variety of sources. These include government publications and reports; independent research conducted by educational institutions; surveys by OECD and other related organisations; student guides for funding support; and journals. Information has also been gathered from associated websites and newspaper/magazine articles.
3. In most countries, the cost of tertiary education is shared and is not borne solely through the tax system. The total level of spending on tertiary education tends to be higher in these countries than in countries where funding comes solely from taxes. Thus supporting higher numbers of students and increasing the potential for participation in tertiary education.
4. The overall contribution required by students in the UK is less than that required by students in other countries considered in this report, with students in Scotland contributing less than those in other parts of the UK. Students might be expected to contribute towards tuition fees and maintenance. Tuition fees are charged to students for Higher Education in most countries, whilst the approach to tuition fees for further education varies amongst the countries studied.
5. The contribution towards tuition fees and living costs whilst undertaking tertiary education (and the possible associated accumulation of debt) is a concern for potential applicants. Whilst this has not adversely affected the social-class mix of entrants to university, there is a difference in the participation in Higher Education from different socio-economic groups. In the UK, three quarters of students from low income backgrounds report a lack of money and fear of debt for not engaging in Higher Education. Furthermore, students from low income backgrounds generally leave university with more debt than their contemporaries.
6. Most countries have a combined system of loans and grants to support students in Higher Education. Most countries do not offer loans to support those in further education but offer support in terms of grants and bursaries. In most countries loans and grants are paid weekly or monthly. However, in Scotland and England grants and loans are provided once a term.
7. Loans might be considered to discourage students from low-income backgrounds. However, the introduction of student loans in New Zealand has had an opposite impact. In New Zealand, participation in tertiary education has almost doubled since the introduction of student loans. A key reason for this growth in participation has been that loans were available for any approved tertiary education institution and that public funding for tertiary education institutions was reformed towards an equal per-student

funding for public and private institutions. That led to an explosion of small, innovative vocational education providers who better reached students from non-traditional ethnic and socio-economic backgrounds. In comparison, countries trying to widen access by introducing or increasing grants to cover student living costs have had little success.

8. The remaining challenge of funding for tertiary education is to design efficient and effective student support programmes that can offset any discouraging impact that tuition fees have on the participation of students from low income backgrounds. Furthermore, social returns must be evaluated not only to set priorities for future educational investments but also to allow comparisons with private returns, in order to choose an efficient mix of private and public funding that avoids over-education, if too heavily subsidised, or alternatively under-investment in the education system.

1. CHAPTER ONE: INTRODUCTION

PURPOSE OF THE RESEARCH

1.1 The aim of the study is to understand how financial support systems for students operate in other countries, and the lessons that can be learnt from them. It studies the impact these different systems have had on the take up of learning, the participation rate of learners, and how successful each system has been in attracting students, especially non-traditional learners. The study concludes by describing the existing and upcoming trends in funding systems for tertiary education.

1.2 The countries included in the study are Scotland, England, Denmark, Germany, Italy, Netherlands, Sweden, Australia, New Zealand, Canada, and the USA.

OBJECTIVES

1.3 The study aims to draw the following information from available data on tertiary education systems:

- Current types of funding in terms of tuition fee support.
- Current types of funding in terms of student support i.e. maintenance/living cost support in the form of loans, grants, bursaries and allowances.
- Existing and upcoming changes and trends to the funding systems in tertiary education.

METHOD

1.4 The information is gathered from a variety of sources. These include government publications and reports; independent research conducted by education institutions; surveys by OECD and other related organisations; student guides for funding support; and journals. Information has also been gathered from associated websites and newspaper/magazine articles.

1.5 Information on the Higher Education (HE) system in England are those being implemented at the time this report was written and are not those that are to be introduced in light of the Higher Education Act (2004).

1.6 Not all countries have distinct and separate funding systems for HE and Further Education (FE). New Zealand, Canada and the USA have a joint funding system for both, under tertiary education. There is a lack of available information on the funding system for FE in The Netherlands and Italy, and hence the data is incomplete. Unless stated otherwise, most of the information presented in this study relates to full-time study. Also, the information is for sub-degree and degree courses only, and does not include postgraduate study or study on Open University programmes.

STRUCTURE OF THE REPORT

1.7 The first chapter provides a background for the research and an overview of the study. The chapter further includes summarised key points of the HE and FE systems, and corresponding synopsis in tabular form. This is followed by the second chapter on findings of the study. They are structured under individual countries studied. The chapter details

information on financial support systems for students in tertiary education and includes both HE and FE, where data is available. The study focuses on funding support both in terms of tuition fees and maintenance costs. The funding systems explored are loans, grants and additional needs support in the form of bursaries. Participation rates are indicated for individual countries. Where the system is common for HE and FE, it is explained under a common heading of tertiary education. This chapter is supported with detailed information on tuition support, loans, grants and bursary systems in individual countries, in Annexes 1 and 2. The third chapter discusses the main issues identified by the research. Information from other research is also used as evidence in support of the discussion points. Annexes 1, 2 and 3 contain further details on funding systems in the countries studied i.e. tuition fees, various other programmes supporting the HE and FE systems in the form of loans, grants and bursaries; and findings from the Department for Education and Skills (DfES) review of the use of discretionary fee remission in FE.

BACKGROUND

1.8 Many countries in their policy for funding tertiary education have to address the division of the burden of cost between the government, students and their families; while ensuring that the financial assistance policies adopted have no negative impact on access to tertiary education for students from lower socio-economic backgrounds. This paper presents a comparative study of funding systems for tertiary education in Scotland with other selected countries.

1.9 The two main factors that determine the system a country uses to financially support its students are the importance attached to the role of the state and the extent to which students are dependent on their parents. The argument for free HE is based on several principles such as returns to society, encouraging students from low income families to participate, and the opportunity costs of studying while alternatively, the student could earn for themselves and their families. In recent years, there has been a shift in the burden of HE costs with students and their parents being asked to shoulder a larger share. The rationales for this shift include the level of private returns to HE (i.e. direct benefits in terms of better job opportunities and higher earnings to students who take up HE); an increase in customer orientation; and improving efficiency of universities.

1.10 The types of funding fall under categories of government funding, registration and tuition fees, and private funding; and they are in the form of:

- Payment of tuition fees
- Grant
- Loans
- Assistance to parents of students in the form of tax relief and family allowances
- Subsidised services and other social benefits to students

OVERVIEW

1.11 Below are some of the key issues emerging from the study, followed by tables presenting summarised data on each country, for both HE and FE.

1.12 **Cost sharing is becoming the rule rather than the exception.** Most countries in their policies of funding for students, seek to include a substantial contribution from all who benefit from tertiary education. Thus the cost is not borne by the tax payer alone. They are distributed among parents, employers, and students themselves.

1.13 **The overall contributions from students towards tuition fees and maintenance are comparatively less in the UK than in other countries.** Students in Australia and the USA contribute substantially towards tuition fees while those in Sweden and Germany make high contributions towards maintenance.

1.14 **The contributions from students towards tuition fees and maintenance are less in Scotland than in the rest of the UK.**

1.15 **The total level of spending on tertiary education tends to be higher in countries that do not rely solely on taxes.** With additional resources pooled from various other sources that are different from public funds, these countries (for example: New Zealand, Australia, Canada, and The Netherlands) are able to support higher numbers of students, thus increasing the rate of participation in tertiary education.

Issues emerging from research evidence for Higher/Advanced Education

1.16 **Tuition fees are charged to students by most countries.** Eight out of the eleven countries studied charged some form of tuition fee to students. In Scotland the tuition fees are met by the Student Awards Agency for Scotland for eligible Scottish domiciled and EU students. Germany, Sweden and Denmark do not charge fees for courses offered at HE institutions.

Table 1-1: Tuition fees and HE

Country	Tuition Fees
Scotland	Fees are charged (up to a maximum of £1,150 for 2004-05) but the Students Awards Agency for Scotland will pay the fees for eligible Scottish domiciled and EU students.
England	Means-tested and standard across institution and course; a maximum of £1,150 for 2004-05.
Denmark	No fees except for open university programme (same fee for HE and FE). ¹
Germany	None
Sweden	None
Australia	Fees relate to type of course and can be repaid through the tax system.
The Netherlands	Fees paid upfront or in monthly instalments: same for HE/FE/vocational education.
Italy	Means-tested and up-front fees, as well as a regional tax for 'the right to study'.
New Zealand	Means-tested tuition fees vary according to subject. Fees can be deferred. Integrated system for FE and HE.
Canada	Fees depend on region, institution and course.
USA	Means-tested and up-front fees.

1.17 **Most structures have differential tuition fee systems.** The variations are based on the institutions, courses and means-testing. Further, in some countries the institutions are also allowed to set the fee levels.

¹ This report focuses on courses offered by higher and further education institutions. As there are no fees charged in Denmark for these courses, Denmark has been recorded as not charging fees. Although it should be noted that fees are charged for the open university courses.

1.18 Where a tuition fee is charged, they are generally payable upfront rather than being deferred.

Table 1-2: Tuition Fee Payment Agreements

No tuition fee	Deferred tuition fee	Upfront tuition fee	Tuition fee not payable by domestic or EU students
Denmark	Australia	England	Scotland
Germany	New Zealand	Italy	
Sweden		Netherlands	
		Canada	
		USA	

1.19 **Scotland’s Graduate Endowment Scheme (GES) applies to some Scottish and EU graduates who studied in Scotland on courses that started in 2001-02 or later.** Graduates pay a fixed amount in recognition of the HE benefits received. The endowment can be paid as a lump sum or through the student loan scheme. Students are not liable to pay the endowment under certain circumstances. For example, if the student is assessed of being independent at the start of the course, if they are eligible for the loan parents grant or disability allowance during the course, the student undertook a course that was exempt, the student fails to meet the requirements to be accredited with a degree, the course is being taken part-time. Section 2.2.2 of this report further details the circumstances when students are not liable to pay the graduate endowment.

1.20 **Most countries have a combined system of loans and grants.** Loans are mainly provided for tuition fee support and have a low rate of interest. Grants are usually means-tested and are provided for maintenance costs.

Table 1-3: Maintenance for HE

Country	Loans and Grants
Scotland	Loans and means-tested grants.
England	Mainly loans.
Denmark	Means-tested, low rate of interest loans and grants.
Germany	Means-tested grant and interest free loan.
Sweden	Loans to all students age 18 and grants for maintenance.
Australia	Mainly loans, grants available too.
The Netherlands	Basic and supplementary loans convertible to non-repayable grants if performance requirements are met.
Italy	Means-tested grants and interest-free loans.
New Zealand	Student loan scheme for fees and student allowance (means-tested grant) for maintenance.
Canada	Mainly loans, grants available.
USA	Means-tested loans, no grants and federal merit-based scholarships available.

1.21 **The system of funding through loans and their repayments is comparatively more generous in the UK and Scotland.** While most countries offer low rates of interest and repayments based on earnings, some have pre-fixed repayment dates and interest charged from when the funds are disbursed.

1.22 **Scotland and England make termly payments of loans and grants.** Most other countries have a monthly frequency of payment while a few make weekly payments mainly for grants, or sometimes for both.

Table 1-4: Payment frequency of loans/grants²

Country	Payment of loans/grants
Scotland	Once per term
England	Once per term
Denmark	Monthly
Germany	Monthly
Sweden	Monthly during term-time
The Netherlands	Weekly for grants and monthly for loans
New Zealand	Weekly/per course
Canada	Weekly for grants

1.23 **Most countries provide additional support for specific groups of individuals or in certain circumstances.** Only Germany, Sweden and the USA do not provide additional support for those in HE.

1.24 **The UK's participation rate³ in Higher Education is less than the OECD average** (OECD 'Education at a Glance 2002'). However, participation rates in Scotland were above the OECD average in 2001. Nine of the 13 nations increased their participation rate between 2000 and 2001.

Table 1-5: HE participation rates for different countries⁴

Country	Participation Rate	Year based on
New Zealand	76%	2001
Sweden	69%	2001
Australia	65%	2001
The Netherlands	54%	2001
Scotland	51%	2001
OECD Average	47%	2001
UK	45%	2001
Denmark	44%	2001
Italy	44%	2001
USA	42%	2001
Germany	32%	2001

² Information for Australia, Italy and the USA is not known.

³ Participation rate is defined as the net entry rate for Type A tertiary education (i.e. first degrees).

⁴ Participation rates are provided for 2001 as this is the most recent year with comparable Scotland figures. Participation rates from England (measured as IER / HEIPR) are not comparable to those calculated by OECD and are consequently omitted from the table. Countries that have no OECD participation rates for 2001 are also omitted.

Table 1-6: HE fees and maintenance in different countries

	Scotland	England	Denmark	Germany	Sweden	Australia	The Netherlands	Italy	New Zealand	Canada	USA
PARTICIPATION RATES	49%	45%	44%	32%	69%	65%	54%	44%	76%	62%	42%
COURSE FEES/CHARGES											
Tuition Fee (level)											
None			✓	✓	✓						
Means-tested		✓						✓	✓		✓
Course variations						✓			✓	✓	✓
Institution variations								✓			✓
Standard Fee	✓ ⁵						✓				
Tuition Fee (Payment)											
Upfront		✓				✓	✓	✓		✓	✓
Instalments							✓				
Deferred						✓					
Non-Fee Charges											
Graduate endowment scheme	✓										
Regional tax paid for 'right to study'								✓			
MAINTENANCE											
Loans											
Loan (means-tested)	✓ ⁶	✓ ⁶	✓	✓ for those under 30	✓	✓		✓	✓	✓	✓
Loan (not means-tested)	✓ ⁶	✓ ⁶					✓				

⁵ Tuition fees are not paid by eligible students ordinarily resident in Scotland or EU students but are paid by the Student Awards Agency for Scotland.

⁶ There is a minimum loan available in Scotland and England that is not means-tested. Any loan above this minimum level is means-tested.

	Scotland	England	Denmark	Germany	Sweden	Australia	The Netherlands	Italy	New Zealand	Canada	USA
Interest Free				✓				✓			
Low Interest	✓	✓	✓								
Grants (all students – does not consider grants provided as additional support to special groups of students)											
Grant (means-tested)	✓		✓	✓ for those under 30	✓	✓	✓	✓	✓	✓	✓
Grant (not means-tested)							✓				
Performance Related Maintenance					✓		✓				
Federal Scholarships											✓
Payment Schedules for Maintenance											
Not specified/unknown						✓		✓			✓
Weekly							✓ (loan)		✓	✓	
Monthly			✓	✓	✓		✓ (grant)				
Termly	✓	✓									
ADDITIONAL SUPPORT											
Unknown								✓			
Support unavailable				✓	✓						✓
Support available	✓	✓	✓			✓	✓		✓	✓	

Issues emerging from research evidence for Further/Non-advanced Education⁷

1.25 In some countries student funding in FE is separate from HE, while in others both come under the umbrella of tertiary education. Furthermore, whilst for HE there appears to be a centralised, unitary funding system in each of the countries, in FE it is less likely that one system of funding is in place. New Zealand and Sweden are the only countries with an integrated grant and loan funding system for FE and HE. The type and source of financial support available to students in FE depends on a range of factors including type of course, provider/institution, employment status and age.

1.26 **Approaches to FE fees differ amongst the countries studied.** England and Australia charge fees whilst Scotland, Germany, Sweden and Denmark generally do not. Where a fee is charged, it depends on the age of the student, institution, type and length of the course.

Table 1-7: Tuition fees and FE

Country	Tuition Fees
Scotland	No fees.
England	Depends on age. No fee for 16-18 year olds. Others are charged partial fee towards course costs. Fees may be waived for certain groups at discretion of college.
Denmark	No fee for the majority although certain courses require a small administration fee.
Germany	Formal FE mostly free. Informal FE and some general adult education require participants' contribution.
Sweden	None.
Australia	Fees apply based on number of hours of the course. Concessions provided to those with Health Care Card, Pensioner Cards or those in prison. For those assessed as being financially disadvantaged fees can be paid in instalments.

1.27 **Fees for FE tend to be less than those for HE and subject to more concessions.** More FE courses are fee free than HE courses. However, fees may be charged, which vary depending on any of the above mentioned criteria, which are type of course, provider/institution, employment status and age.

1.28 **Most countries offer a range of schemes providing financial support (in the form of bursaries/grants) to those in FE who meet the eligibility criteria.** These schemes tend to be targeted at different groups of learners such as the unemployed or adults with no school qualifications.

⁷ Information for Italy and the Netherlands is not available. New Zealand, Canada, and the USA have similar funding system for HE and FE.

Table 1-8: Maintenance for FE

Country	Loans and Grants
Scotland	Means-tested discretionary bursary, the Education Maintenance Allowance (EMA) programme and Modern Apprenticeships.
England	No loans and grant system in place, although there are a number of initiatives to fund certain groups of students, e.g. EMAs, Modern Apprenticeships.
Denmark	Loans similar to HE; means-tested grants for full-time students equal to unemployment benefit (Youth Education Programme).
Germany	No loans. Grants available for some, i.e. adults seeking to obtain school qualifications and career advancement training and for continuing education for talented young people in employment.
Sweden	Rules for loans and grants are the same for HE. Under 20 year old automatically receive a monthly grant and those over 20 years old can apply for a grant.
Australia	No loans. Various grants available for maintenance.

1.29 **Most countries do not offer loans to students in FE.** In Denmark, New Zealand and Sweden loans are available to students in FE; but in most others, student support is mostly through grants and bursaries.

1.30 **The frequency of maintenance payments is varied.** Denmark and Sweden pay grants on a monthly basis, whereas Australia pays these on a fortnightly basis. In Scotland and England the payments of maintenance varies with the type of grant/bursary/incentive.

1.31 **Most of the countries offer additional support for certain groups of students in FE.** However, Germany does not offer additional support.

Table 1-9: Additional support for FE

Country	Additional Support
Scotland	Yes.
England	Number of sources available.
Denmark	Extra monthly grants available in certain situations, i.e. sickness and childbirth.
Germany	No.
Sweden	Additional loans for students aged 25 and over.
Australia	Various schemes available.

Table 1-10: FE tuition fees and maintenance in different countries

	Country										
	Scotland	England	Denmark	Germany	Sweden	Australia	The Netherlands	Italy	New Zealand	Canada	USA
COURSE FEES/CHARGES											
Tuition Fee (level)											
None	✓ ⁸			✓ ⁹	✓						
None but administration fee			✓								
Age Variance		✓									
Means-tested									✓		✓
Course variations						✓			✓	✓	✓
Institution variations				✓ (informal)							✓
MAINTENANCE											
Loans											
Loan (means-tested)			✓		✓				✓	✓	✓
Low Interest			✓								
Grants¹⁰											
Grant (means-tested)	✓		✓		✓	✓			✓	✓	✓
Grant – unknown details				✓							
Federal Scholarships											✓
ADDITIONAL SUPPORT											
Unknown							✓	✓			
Support unavailable				✓							✓
Support available	✓	✓	✓		✓	✓			✓	✓	

⁸ For eligible students ordinarily resident in Scotland and EU students

⁹ A modest fee may be payable in some cases

¹⁰ Does not consider grants provided as additional support to special groups of students

2. CHAPTER TWO: FINDINGS OF THE STUDY

2.1 Amongst the countries studied, not all have a distinct and separate funding system each for HE and FE. England, Denmark, Germany, Sweden, and Australia have separate HE and FE systems. New Zealand, Canada and the USA have a joint funding system for both, under tertiary education. There is a lack of available information on the funding system for FE in The Netherlands and Italy. A brief outline of Scotland's HE and FE systems is included for comparison. It is to be noted that in the UK, 25% of HE is delivered by colleges.

2.2 SCOTLAND

ADVANCED/HIGHER EDUCATION (HE)

Fees

2.2.1 Students ordinarily resident in Scotland undertaking a full-time sub degree or first degree in HE are generally entitled to have their fees paid (regardless of household income), as long as the course is undertaken at a Higher Education Institute (HEI) in Scotland. Institutional funding is through the Scottish Higher Education Funding Council. In 2004/2005, the remainder of the tuition fee is paid through the Student Awards Agency for Scotland up to £1,150 per annum per place, to the Scottish HEIs for Scottish and EU students. Proportions of £1,150 are paid to HEIs out with Scotland (including those studying elsewhere in the UK) depending on the students' parental/spouse income.

Graduate Endowment Scheme

2.2.2 The GES in Scotland involves some Scottish and EU students paying a fixed amount (£2,000¹¹) at the end of their degree in recognition of the HE benefits received. The amount can be paid as a lump sum or added to the student loan account, which is to be repaid on an income contingent basis once the borrower's income has reached £10,000 (£15,000 from April 2005). Students are not liable to pay the endowment if any of the following conditions apply:

- The student is assessed as being independent of their parents at the start of the course
- The student is eligible for the Lone Parents' Grant at some point during the course
- The student is eligible for the Disabled Students' Allowance at some point during the course
- The student is on an HNC or HND course
- The student has transferred directly from an HNC or HND, which started before 2001-2002
- The student takes less than two academic sessions to complete the degree course immediately after completing an HNC or HND
- The student takes less than three academic sessions to complete the degree course in all other circumstances
- The student is taking a degree course that attracts an income-assessed Scottish Executive Health Department bursary, such as nursing, midwifery and courses for the Allied Health Professions
- The student fails to meet the requirements to be accredited with a degree

¹¹ This amount applies to courses started in 2001-02 and will be updated by inflation for courses starting in subsequent years.

- The student has studied for a degree in a publicly-funded higher education institution before
- The student is studying at a UK institution outside Scotland
- The student is studying part-time.

Maintenance

2.2.3 Maintenance support for full-time HE students is generally available in the form of student loans. The maximum student loan available in 2004/2005 is £4,095 for students living away from home and £3,240 for students living at home. A proportion of the total loan is not means-tested (£810 for those not living at home and £530 for those living at home). The remainder of the loan is means-tested and is dependent upon the family income.

2.2.4 The interest rate of these loans is set at the rate of inflation, as defined by the Retail Price Index. Repayments for student loans are made through the Inland Revenue and are automatically deducted when an individual is earning over £10,000 per annum (£15,000 from April 2005). Deferral of repayments is not an issue since the repayments are made through PAYE and is income contingent, i.e. automatically deferred until the income threshold is reached. The amount of the repayment each month is based on a fixed rate (9%) of the marginal income above the threshold.

2.2.5 A Young Students' Bursary is available in Scotland for students from families with an income of less than £27,900. The bursary is means-tested and is issued to reduce the amount of loan taken. Additional support of £530 is automatically available to students whose family income is less than £15,750.

2.2.6 Other support includes non-repayable support for disabled students and student parents (with additional support for lone parents); the discretionary Mature Students Bursary Fund; and reimbursed travel expenses over £155. The HEIs also administer support through Hardship Funds. Families may retain their eligibility for child benefit and working tax credit if the student is under 19 years of age.

<i>Participation rate:</i>	
2001	51%

NON-ADVANCED/FURTHER EDUCATION (FE)

Fees

2.2.7 All eligible first time students have their fees waived, regardless of household income. Some repetition of learning is also covered. Institutional funding is through the Scottish Further Education Funding Council.

Maintenance

2.2.8 Students on full-time courses are eligible to apply for a means tested discretionary bursary, awarded by individual colleges. This may consist of a maintenance element, dependent's allowance, travel expenses, study costs, and additional support for learning grant. For parentally-supported students over 18 with a household (parental) income of up to £20,970,

the basic maintenance allowance is £60.86 per week. The dependent's allowance is £44.85 for adults or first child, and £10.68 for each additional child per week (this is to be superseded by the child element of working tax credit). For those under 19, their families have continued eligibility for child benefit and working tax credit.

2.2.9 All eligible students between the age of 16-19 years, and on a full-time course in a FE college are eligible for an EMA. EMAs are paid on a weekly basis during term time (for a maximum of 42 payments in each academic year) for a up to 3 years (flexibility of 3 years funding within a 4 year period for students with additional support needs). The weekly payment depends upon the family income, with a maximum payment of £30 per week made directly into a bank account. The student has to sign a learning agreement as a prerequisite and the payments are only made when there is 100% weekly attendance. In addition to the weekly payments there are 2 periodic bonuses of £150 if the student remains on the course and makes good progress. These bonuses are paid in January and June/July.

2.2.10 Students in FE can also be supported through other sources such as Career Development Loans; Modern Apprenticeships and Skillseekers; New Deal for Young People; The Education and Training Option; Right to Time-off for Study; Colleges and Businesses in Partnerships; and Study on Benefit. In addition many part-time students are employees and are either self-supporting or being supported by their employer.

2.2.11 There is a Childcare Fund for all students although lone parents, part-time students and mature students are given priority. There is also a Hardship Fund for students who face particular financial difficulties during their course.

2.3 ENGLAND

HIGHER EDUCATION

Fees

2.3.1 England charges an upfront tuition fee. In 2004/05 the maximum amount that any full-time student will be asked to contribute towards their fees is £1,150, and most students will be asked to contribute less than this depending on their household income. In 2003/4 43% of students paid nothing and 16% paid only part of the tuition fee due to the income level of their family. The Higher Education Act (2004) proposes that universities will be allowed to charge up to £3,000 a year and a number of universities have indicated that they will go to this maximum level when the scheme is implemented in 2006.

Maintenance

2.3.2 The system in England is mainly loans-based with the maximum amount of loan available in 2004/05 being £3,240 for students living at home, £4,095 for students living away from home, and £5,050 for students living away from home and in London. Assessed by the LEA, 75% of the maximum loan is available to all eligible students regardless of any other income. Whether the student receives any or all of the remaining 25% is dependent on the applicant's and/or their family's income. Repayment of loans is through the same system and follows the same conditions as student loans in Scotland.

2.3.3 From September 2004, students may be eligible for the new means-tested HE grant of up to £1,000 a year to help with living costs. This is available on a sliding scale for incomes between £15,200 and £21,185. Support for additional needs is available with programmes like the Parents' Learning Allowance; the Child Tax Credit from the Inland Revenue; Childcare Grants; Adult Dependents' Grant; Disabled Students' Allowances; Care Leavers' Grant; and Access to Learning Funds – see Appendix Two for more details.

Participation rate:

2002	44%
2001	43%

Participation rates for England are measured by the Higher Education Initial Participation Rate (HEIPR). This replaces the Initial Entry Rate (IER) used in England. The HEIPR and the IER are not comparable with the OECD measurement of participation and consequently this figure is not compared to the figures of other countries in this text.

FURTHER EDUCATION

Fees

2.3.4 Students over the age of 16, attending college or continuing with school are exempt from tuition and course fees (funding to colleges is based on the assumption that all learners, other than those aged 16-18, are charged a tuition fee as a contribution to the costs of the programme).

2.3.5 Colleges may choose to waive fees for certain low income groups including the unemployed, those in receipt of Jobseekers Allowance and/or means-tested state benefit, unwaged dependents of these people, those taking programmes where the primary goal is basic adult education or English for Speakers of Other Languages, and asylum seekers (and their dependants) in receipt of the equivalent of a means-tested benefit. Recent research has found that more than half (56%) of FE students aged 19 and above received full or partial remission through either national policy or college discretion.

Maintenance

2.3.6 Learner Support Funds are used to help students aged 16 and over with the costs they may incur during an FE course. These include costs of books and equipment, visits or field trips and emergencies affecting their living, and learning or personal costs. Students with disabilities and/or learning difficulties, those leaving care, probationers, and students reaching 19 and losing benefits during their study are given priority.

2.3.7 FE students are also supported through EMAs and Modern Apprenticeships. EMAs comprise weekly payments of up to £30, paid directly to students in FE under 19 after 31st August 2004 with a household income of £30,000 or less. Bonuses of £100 may be paid to students who remain on their courses and make good progress. EMAs are paid in addition to other supports and benefits provided by the government. Students can receive EMAs if they are enrolled on courses of FE up to and including Level 3.

2.3.8 Further support is available for young parents aged up to 19, through the ‘Care to learn’ childcare funding scheme. Modern Apprenticeships provide work-based learning for participants to achieve qualifications at NVQ level 2 or Foundation Modern Apprenticeship and NVQ level 3 or Advanced Modern Apprenticeships and above. Apprentices are either paid a wage by their employer or receive a training allowance.

2.4 DENMARK

HIGHER EDUCATION

Fees

2.4.1 Students are not charged for tuition, with the exception of Open University programme students. HEIs are publicly funded and state-regulated.

Maintenance

2.4.2 Student support for living costs is available as means-tested grants and loans and provided by the State Educational Grant and Loan Scheme available to all aged 18 or over. It is a comprehensive system which provides financial support to students taking youth education programme, or enrolled on HE courses. Every student enrolled on a HE course is entitled to a number of monthly grants corresponding to the prescribed duration of the chosen study, plus 12 months. Within a maximum of 70 grants students can change from one course to another. All students living with their parents are supported with a lower grant than students living in lodgings. The maximum amounts awarded in 2004 are as follows: students living with their parents: DKK 2,247 (£202) per month; students living on their own: DKK 4,519 (£408) per month.

2.4.3 The students also have the choice of using these grants later, within a time limit, either to prolong their studies (for instance, to prepare for re-examination after a failed exam) or under certain situations to obtain double grants for a period of time at the end of their studies. In exceptional circumstances of sickness or childbirth, students can apply for additional monthly grants. New mothers are eligible for 12 and new fathers for 6 extra monthly grants, with certain stipulations.

2.4.4 Students can obtain state loans of up to DKK 2.313 (£208) per month. These loans are subject to a low rate of interest and repayments must start no later than one year after the end of the year in which they graduate or give up their studies. The loan must be repaid within 15 years. Approximately half of Danish students in HE and FE get loans. Both categories of students (HE and FE) can obtain student loans of DKK 2.313 (£208) per month. During the period of study the loan will carry 4% annual interest rate. On completion of the studies, the annual interest rate is the discount rate of the Danish Central Bank plus an adjustment which can be negative or positive, but at most plus 1% point.

Participation rate

2000	29%
2001	44% (The significant increase is likely to be due to a redefinition of Danish HEIs).

FURTHER EDUCATION

Fees

2.4.5 The majority of students are not charged tuition fees, though a small administration fee can be charged and sometimes part-fee payment in certain subjects is required. Specific vocational education and training programme may also (post 2002) attract a fee payment.

Maintenance

2.4.6 Students receive means-tested financial support to cover their living costs. For full-time students this is the same as the maximum level of unemployment benefit. There is extra targeted support for low-skilled adults in part-time education and training.

2.4.7 The main (attendance-related) support programme for FE is the Youth Education Programme for people over 18 attending a general upper secondary, vocational upper secondary or vocational education and training programme and repetition of learning is also covered (with few exceptions). Until students are 20, their grants depend upon their parents' income. When that exceeds a certain amount the grants are reduced on a sliding scale, ending in a minimum grant. In particular situations - mainly sickness and childbirth - students can apply for extra monthly grants.

2.4.8 For general adult education programme and vocationally oriented education there are a number of financial support options. For example, the Danish State Education Grant Scheme for Adults is directed at adults with little or no education at all. Unemployed people can study and still receive their unemployment benefits provided that they are active job seekers. Furthermore, the labour market courses (AMU courses) offer certain access provisions for people with disabilities. The courses of shorter or longer duration focus upon the acquisition or upgrading of practical skills in the labour market. The Danish government prioritises the improvement of accessibility to education institutions and programme for people with disabilities, and funds are earmarked for these specific purposes. If no public financial support is available, the student can apply for a grant or loan from the Danish State Education Grant and Loan Scheme.

2.4.9 The loan arrangements are the same in FE as they are in HE.

2.5 GERMANY

HIGHER EDUCATION

Fees

2.5.1 Students in Germany are not charged tuition fees for first degree courses (Universities are currently prohibited by law from introducing tuition fees but that principle has been challenged by politicians and others) but are expected to make a small contribution towards the social facilities of their university and the use of local transport.

Maintenance

2.5.2 There is a means-tested support for living costs available to students who are under 30. Half the sum awarded is considered a grant with the remainder a repayable interest-free loan.

Approximately 25% of all students receive state support of between £260 and £405 a month to cover their living costs.

Participation rate

2000	30%
2001	32%

FURTHER EDUCATION

Fees

2.5.3 Formal FE is mostly free of charge or based on a modest fee to the participants. An exception to this is Open Education, where participants must contribute approximately one third of the costs. In informal adult education offered by folk high schools and evening schools, there is a substantial element of participants' contribution. Recently initiatives have been taken to increase the contributions of the participants. Thus a participant's fee has been introduced in parts of labour market training. Parts of formal general adult education are also financed to a greater extent by participants' fees.

Maintenance

2.5.4 Grant support is available for adults seeking to obtain school-leaving qualifications and career advancement training. Support is also provided to assist continuing education for talented young people in employment who have completed a recognised course of vocational training.

2.6 SWEDEN

HIGHER EDUCATION

Fees

2.6.1 Students are not charged tuition fees and, like the rest of Scandinavia, Sweden has a very high entry rate to HE for first degree or equivalent courses. The cost of Sweden's HE system is chiefly borne by the high rate of personal taxation. University funding is determined almost wholly by the government and a performance-related element (usually, completion rate) is added to each institution for the amount of funding allotted.

Maintenance

2.6.2 A basic Student Grant meets about 28 per cent of living costs and the remainder may be accessed through loans. Students are entitled to this package of support for up to six years, but only if they maintain at least a minimum level of achievement. These maintenance supports are available through the Central Board of Student Loans to all over 18 years of age, enrolled at an eligible course or programme at a university or college. Students are entitled to the grant for 240 weeks (normally 12 terms consisting of 20 weeks each) providing they are fulfilling the course obligations. Students are entitled to apply for loans and grants until the age of 50 although from 41 years of age the economic support students can receive is reduced. Both grant and loan are subject to a test of the student's income (but not that of the students' parents or spouse).

2.6.3 There is a 25 year repayment period for the loan, during which the Government can raise loan interest rates. Loans are repayable from six months after graduation and are subject to a low rate of interest (for 2004 is 3.1 %). Usually, loan repayments are 4 per cent of the total annual income, provided the income is above the threshold. At present, the repayments are initially independent of income and graduates are entitled to have them reduced to no more than 5% off their income. But this does not reduce the period of the loan and hence will lead to higher payments later on. The student loans agency collects repayments monthly or quarterly based on the previous two years' income. Interest is calculated from the time the loan is taken and the interest rate is set annually by the government. Unpaid debt is written off when a person reaches the age of 65.

2.6.4 The full loan is SEK 22 640 (£1,658) per term and the grant is SEK 11 860 (£869) per term, both are usually paid in four instalments per term. Students who are older than 25 years old can apply for extra loans to cover living costs (SEK 382 (£28) per week). If working, students are allowed to earn up to SEK 49.125 (£3,600)/20 weeks per term and still obtain the full loan and grant. Earning more than that decreases the loan and grant, and full loans/grants obtained will have to be repaid.

Participation rate

2000	67%
2001	69%

FURTHER EDUCATION

Fees

2.6.5 FE and training is publicly financed in Sweden and can largely be divided into the following two categories:

- Adult primary/ secondary school education - all adults lacking any primary or secondary school education or wanting to upgrade their degrees can apply to take part in these courses (which are organised primarily through the councils of each city or town).
- Qualified vocational courses (between 40 and 120 weeks of study).

Maintenance

2.6.6 The Central Board of Student Loans also provides grants and loans to students in FE courses qualifying for loans/grants. All students under 20 years of age on secondary school level courses automatically receive a monthly grant. Until the end of secondary school (normally at the age of 18-19) students receive SEK 950 (£69) providing they fulfil course obligations. Students at the age of 20 and still in (formal) secondary school are entitled to apply for loans and grants. Students taking part in adult secondary school education, certain folk high schools and qualified vocational courses are also entitled to apply for loans and grants. Students older than 25 years of age can apply for the additional loans mentioned above.

2.6.7 The rules and regulations for obtaining loans and grants and for repaying them are the same as for HE.

2.7 AUSTRALIA

HIGHER EDUCATION

Fees

2.7.1 All students are charged tuition fees (either up-front or deferred), which vary according to the course, reflecting the differences in course costs and future earning potentials. The three bands are humanities and social sciences (low fee), maths and engineering (medium fee) and law, dentistry, medicine, veterinary science (high fee). There are also lower fees for courses promoted by the Government such as nursing. Students can be charged up to 25% above the Higher Education Contribution Scheme (HECS) levels. A variable fee reform has recently been enacted which will require each university to set a fee in relation to each course, up to a national cap. Fees are not as yet differentiated by institution although partial fee deregulations will be introduced from 2005. A key feature of HECS is that payment arrangements are based on the individual's capacity to pay.

2.7.2 Deferred fees are repaid after graduation through the tax system. Students can either pay their fees upfront at a discount or, take out a loan and pay them back once they are earning a set income. The income threshold for paying back fees is currently Aus \$24,365 (£9,314) rising in 2005 to Aus \$30,000 (£11,468) and is based on cost of living. For incomes above that, the repayment rate rises as income rises, from a rate of 4% of all income for those earning the income threshold to 6% of all income for those above \$46,000 (£17,585) with payments continuing until the fee is repaid. In addition, the maximum rate of repayment will be raised to 8% where income exceeds \$60,000 (£22,936) - the top rate is currently 6% where income exceeds \$43,859 (£16,766). The Government has also reduced the discounts for upfront payments (from 25% to 20%) and voluntary repayments (from 15% to 10%).

2.7.3 From 2005, institutions in receipt of Commonwealth supported places will determine their own student contributions level for each course they offer within ranges set by the Commonwealth. The HECS bands will be replaced by ranges and institutions will be able to set the student contribution at any point within these ranges. A fourth band called National Priorities is also being established and will consist of education and nursing courses. As a move to ensure the universities provide the courses and the number of graduates needed by the nation, the Commonwealth Grant Scheme will replace the current system of block operating grants to each university. Accordingly from 2005, 25,000 new Commonwealth supported places will replace marginally funded places. A further increase in the number of funded places by about 1,400 overall and up to 745 places for areas of national priority like nursing and teaching is anticipated by 2007.

2.7.4 From 1 January 2005, a new suite of income contingent loans called the Higher Education Loan Programme (HELP) will be introduced under the Higher Education Support Act 2003. This will replace HECS. HELP offers Australian Government loans to assist with payment of HE fees and overseas study. There are three schemes available under HELP. They are HECS-HELP, FEE-HELP and OS-HELP. HELP replaces the current student loan schemes: HECS, Postgraduate Education Loan Scheme, Open Learning Deferred Payment Scheme, and Bridging for Overseas Trained Professionals Loan Scheme. A HECS-HELP loan will cover all or part of the student contribution amount. The government pays the loan amount directly to the HE provider on the student's behalf and a HECS-HELP debt is recorded with the Tax Office.

FEE-HELP is a loan that will cover up to the full amount of the tuition fees. OS-HELP is a new loan to assist students to undertake overseas study.

Maintenance

2.7.5 Students and/or their families are means assessed for support in the form of loans and grants. HE students may be eligible to apply for sources of financial support through Centrelink, listed in Appendix Three, such as Austudy, Abstudy and Youth Allowance. Other grants and loans to cover maintenance costs are available to students although these differ depending on location. For example, students attending the University of Western Australia may apply for General Purpose Loans of up to \$3000 (£1,145) in an academic year, and \$6000 (£2,290) in total throughout the course of study. Furthermore, the South Australian Housing Trust and Centrelink provide some financial assistance to eligible students who are living in rental accommodation including rent in advance - a one-off grant for those who are eligible, and who are having difficulty paying rent in advance.

2.7.6 In line with HE Reforms, an additional Aus \$1.5 billion (£572 million) is to be invested between 2003 and 2006; with more than Aus \$660 million (£252 million) to be added per year from 2007. It is estimated that the Commonwealth will provide more than Aus \$10 billion (£3.8 billion) in new support for HE of which Aus \$6.9 billion will be for the sector and an approximate Aus \$3.7 billion (£1.4 billion) to assist students through new student loans.

Participation rate

In Australia, participation rates in HE have increased across all social groups since higher, differential fees were introduced, with rates of 59% in 2000 and 65% in 2001.

FURTHER EDUCATION

Fees

2.7.7 All Tertiary and Further Education (TAFE) students pay the fee approved by the Minister for Further Education, Employment, Science and Technology for accredited Government purchased courses in TAFE. The tuition fee payable is based on the number of hours the course requires per semester or year, currently charged at \$1 (£0.38) per hour to a maximum of \$500 (£191). Hence, if the course requires 500 hours of class contact (this includes time spent on placement or industrial experience) during the year then a fee of \$500 (£191) would be payable. The TAFE fee is a contribution to the cost of delivery and in 2003 was capped at a maximum of \$1200 (£458).

2.7.8 Many TAFE students are eligible for an exemption or concession of their fee. For example, concessions will be provided to students who hold a current Health Care Card, a pensioner Concession Card, a Veterans Affairs Pensioner Card, or who are imprisoned in a Correctional Institution. Full-time students may apply for a low income Health Care Card if their income is less than a stipulated amount, based on age, marital status and number of dependents. Students who are dependent spouses or dependent children of any of the above will also be eligible for an exemption on proof of status. In cases of extreme financial hardship, a student may be granted exemption from fees. A 50% concession on the tuition fee applies to all students who qualify for Austudy and Youth Allowance. All students, however, are required to

pay the General Service Fee, even if at a concession rate and the Government prescribed minimum charge of \$40 (£15).

2.7.9 Where a student is undertaking a vocational course and the total fees are \$100 (£38) or more, and the student is assessed as financially disadvantaged, approval to pay fees by instalment may be given. An initial deposit of 30% of the fees is payable to secure enrolment. Students using this option will be required to sign a legal contract, detailing the amounts and dates on which payments will be made.

Maintenance

2.7.10 Commonwealth, State and Territory governments offer assistance to help Australians access Vocational Education and Training. The following financial assistance and support programmes are available: Youth Allowance; Austudy Payment; Pensioner Education Supplement; Abstudy Scheme; Aboriginal Employment Programme; Disabled Apprenticeship Wage Support; and the Youth Employment Programme – more details are available in Appendix Two.

2.8 THE NETHERLANDS

HIGHER EDUCATION

Fees

2.8.1 HE comprises higher professional and university education. Students are charged up-front tuition fees of Euro 1505 (£1008) per year for secondary, professional, or university education. Fees are not differentiated by subject or institution and can be paid either as a full amount at the start of the academic year or in monthly instalments. Currently, 19.2% of all 18-27 year olds are receiving some form of support for full-time HE, and 0.8% of them for part-time.

Maintenance

2.8.2 There are three components to student support – the basic grant, the supplementary grant, and student loan. All students receive a basic grant, which is independent of parental income, though paid at a lower rate if the student is living with parents. Supplementary grants are based on a parental income test. Both these grants are initially made as a loan, which is converted to a grant if the students meet necessary performance criteria, the most important being that they obtain their qualification within the specified duration. Loans are available without an income test. These loans incur an interest rate of about 2 per cent above the rate on long-term government bonds.

2.8.3 The basic grants are of Euro 65 – Euro 221 (£43 - £148) per week. The supplementary grant is less than Euro 13,000 (£8,720) a year. Loans of up to Euro 245 (£164) per month are available after graduation, at a discounted rate of interest.

2.8.4 The student loan system can be either a mortgage-type system with decreasing repayment for low earners, or an income-contingent repayment system subject to a ceiling on annual repayments. In the mortgage-type system, interest is charged on all three types of funds from the time they are disbursed, i.e., from the first monthly payment in the student's first year.

Repayments begin two years after the student leaves HE. The student's debt is totalled and monthly repayments are calculated such that the loan is repaid over fifteen years, subject to the person's income being above the threshold. Those with lower incomes can request to make lower repayments and there are no repayments for those with very low incomes. Thus people with income below the threshold make income-contingent repayments. Any loan not repaid after fifteen years is forgiven under either of the repayment methods.

<i>Participation rate</i>	
2000	52%
2001	54%

2.8.5 **Note:** No information is available on FE.

2.9 ITALY

HIGHER EDUCATION

Fees

2.9.1 Generally students are charged a proportion of means-tested up front tuition fees as well as a regional tax for 'the right to study'. Fees are between Euro 2,000 – 3,000 (£1,341 – (£1,408). The fee level is determined by the financial circumstances of the student and his/her family, and although Italian institutions have a degree of autonomy in setting fee levels, there is a fee-maxima which corresponds to the institution's state funding. Fees cannot be deferred. Some students can be totally or partially exempt from fees according to academic results and income.

2.9.2 Families pay a relatively small fee for upper-secondary education. Although students pay between the equivalent of Euro 400 (£268) to Euro 800 (£536) a year, most of the HE funding is through the state and students from low income families may have their fees waived.

Maintenance

2.9.3 Students can receive support for both fees and living costs. Students and/or their families are means tested and support is provided in the form of grants and interest-free loans. Some institutions also offer free accommodation.

<i>Participation rate</i>	
2000	43%
2001	44%
(Italy has, by European standards a comparatively low graduation rate.)	

2.9.4 **Note:** No information is available on FE.

2.10 NEW ZEALAND

HIGHER EDUCATION and FURTHER EDUCATION

Fees

2.10.1 The Tertiary Education Commission (TEC) is responsible for allocating funding of approximately \$1.6 billion to public and private providers of tertiary education and building the capability and capacity of tertiary education. Students are charged variable means-tested tuition fees and from 2004 a maxima has been set. Typical fees for 2004 are: arts, social sciences, teaching, general £1,300; business, law £1,400; science, computing, engineering, agriculture (non-degree level), nursing etc £1,500; engineering, agriculture, archaeology, audiology £1,833; dentistry, veterinary, medical £3,333. Payment of fees can be deferred and support is available. Learners who are part-time, part year (fewer than 32 weeks) and in a programme of study of 0.3 Equivalent Full Time Student units or more are able to access the fees component of the Student Loan Scheme to cover the cost of fees.

2.10.2 New Zealand has in place an Integrated Funding Framework to meet the needs of students in tertiary education. The Government provides financial support to student learners through the Student Allowance Scheme and Student Loan Schemes (SLS). The system is built around a mix of funding methods and has three broad elements: Funding for teaching and learning; Funding for research; and Targeted funding through a Strategic Development Component.

2.10.3 The Student Component replaced the Tertiary Tuition Subsidy from January 2004. It is the largest single element of the Integrated Funding Framework. It is used to fund costs of tuition in public tertiary education institutions. Usually, extra courses that are optional for learners also qualify for additional Student Component funding. Funding rates are set indicatively three years in advance. Each year, one further year's rates will be set. The TEC may review the funding of any course that has completion rates of less than 50% in any two successive years. Also, future funding may be withheld. All tertiary education institutions receive ongoing funding to support access and participation of students with disabilities. They also receive Special Supplementary Grants to support specific groups of learners like the Maori and Pacific students.

2.10.4 Private Training Establishments delivering full time courses for qualifications at all levels of National Qualification Framework must involve at least 20 tuition hours per week for students to access the Student Allowance Scheme. For part time students studying for 32 weeks or more, tuition fees and course related costs may be accessed from the Student Allowance Scheme. For those doing less than 32 weeks in a programme of study of 0.3 Equivalent Full Time Student units or more, the fee component may be accessed.

Maintenance

2.10.5 Maintenance support is available as student loans and grants. The SLS provides access to finance for tuition fees, course costs and living costs for eligible tertiary learners. To receive a student loan a learner can either be full-time and able to access all components of the SLS; or part-time and able to access only the tuition fees aspects; course-related costs or fee-component elements of the SLS. The scheme provides money on terms more generous than are available

for similar unsecured loans from the private sector. A loan of up to NZ \$150 (£52) per week is available for living costs, and up to NZ \$1,000 (£349) per course is available for course related costs. The administration of the scheme is shared between StudyLink which is responsible for assessment of entitlement and the management of the current loan while the learner is studying, and the Inland Revenue which is responsible for the management of the non-current account, including the collection of loan repayments.

2.10.6 Where students get a student allowance this decreases the amount they can borrow as a loan for living costs. Repayments on loans are paid at 10% of all earnings over the NZ \$15,964 (£5,571) threshold. Real rates of interest (before write-offs and reductions) are charged at 7% (higher than some commercial rates). The effective rate of interest however, is currently estimated at 3% - this represents the average interest charged for borrowers in a year. An interest 'holiday' period has been introduced for students while they remain on full time courses but interest starts to accrue as soon as they leave HE. For most borrowers, debt repayment is income-contingent, which means that borrowers are not required to repay any money until they earn sufficient income although voluntary repayments can be made at any time and are positively encouraged. Graduates with high debt relative to their income get part of the interest written off, which adds to the insurance from income-contingent repayments.

2.10.7 There is a means-tested grant, called Student Allowance, for help with living costs which is available to full-time students in courses approved by the Ministry of Education. The Student Allowance, administered by StudyLink, is targeted towards learners whose situation might otherwise make tertiary education unaffordable. Student Allowance provides a grant to eligible full-time tertiary learners and also some secondary learners over 18 years of age. The student may also be considered a full-time learner if enrolled part-time at two institutions and the combination of enrolments is equivalent to full time status.

2.10.8 For single 18 – 24 year olds to receive the Student Allowance their parental income in the last financial year must be NZ \$50,752 (£17,735) before tax or less if the student lives away from home and \$47,760 before tax if the student lives at home. It gives a typical single student under 25 years old up to NZ\$135 (£47) a week.

2.10.9 The maximum period of eligibility for Student Allowance for learners enrolled for both one qualification at a time and concurrent enrolments is 200 weeks. Student Allowance recipients may also receive an Accommodation Benefit. This is a set rate that depends on the region a student lives in and whether he/she lives in a hostel. Unemployment Benefit Student Hardship is a weekly payment to help meet living costs during study breaks. Applicants must actively look for full-time work to be eligible and qualify for the Student Allowance (although exceptions may be made).

2.10.10 The Student Allowance is also for students in FE. A Training Incentive Allowance is available to those on Domestic Purposes Benefit, Widows benefit, Emergency Maintenance Allowance or Invalids Benefit. It is paid to help with the costs associated with training that will increase a person's chance of getting a job. The allowance can cover up to 100% of fees and course costs.

Participation rate for HE

New Zealand is one of only three OECD countries where both participation and completion rates are above the OECD average.

2000	70%
2001	76%

2.11 CANADA

HIGHER EDUCATION and FURTHER EDUCATION

Fees

2.11.1 In Canada tuition fees vary by programme costs, with higher tuition charged for high cost programmes. Students are charged up-front tuition fees which also vary from region to region from \$1675 (£687) in Quebec to \$5557 (£2,280) in Nova Scotia. Tuition fees for 2003-2004 have risen by 7.4%, the highest increase in four years and faster than the rate of inflation. Fees are also differentiated by institution and by subject. The amount varies but a typical fee range is Can \$4,000 (£1,641) for arts and science courses; Can \$4,300 (£1,764) for engineering; Can \$5,700 (£2,339) for medicine and Can \$15,300 (£6,278) for dentistry.

Maintenance

2.11.2 Sources of financial support to students in Canada may differ according to the federal, territorial and provincial assistance available in different localities. The Student Financial Services (SFS) offers the following assistance to full time and part time students:

- Full time – Canada Student Loan, New Brunswick Student Loan, Canada Study Grants for students with Dependants, Canada Study Grants for High-need Students with Permanent Disabilities, New Brunswick Bursary, Millennium bursary.
- Part time – Canada Student Loan, Canada Study Grants for students with Dependants, Canada Study Grants for High-need Students with Permanent Disabilities
- Others – Canada Study Grant for Women in (full time) Doctoral Studies

2.11.3 All federal and provincial loan, grant and bursary programmes are means-tested administered by SFS, Department of Education. Student financial assistance is determined based on financial need. It is not an entitlement as it is intended to supplement (and not replace) the students own resources.

2.11.4 The sources of funding described above are available to all eligible students in postsecondary education. There are federally-subsidised student loans available which are subject to interest (although there can be some repayment of interest by the Government for students in need). Students generally have to start repaying the loan six months after graduating. In some provinces students and/or their families will be means-tested. In some areas students can also apply for a provincially-subsidised student loan.

2.11.5 Federal and provincial grants are also available to eligible students where their financial need is assessed to be in excess of the available loan. These are the Student Financial Assistance Programme (based on need) and the Canada Study Grants (which can provide financial assistance only to students with dependents, high-need part time students, and students

with permanent disabilities). In addition Provincial grants may also be available, for example in New Brunswick full-time students can apply for a New Brunswick Bursary of up to \$90 (£36) per week of study. Students assessed need must be greater than the maximum student loans available (and Canada Study grants if applicable). More information is available in Appendix Two.

2.11.6 A rise in tuition fees has not adversely affected the participation of students from lower income families. A report from Statistics Canada (October 2003) indicated that only the children of the lowest income group, those with an annual income of Can \$25,000 (£11,000) or less, increased their participation rate in university between 1991 and 1997. This was at a time when arts tuition and the fee to study at some schools of medicine, law and business roughly doubled. At the same time students from high income backgrounds (annual income of Can \$100,000 plus) (£41,035) dropped from a high water mark of 45% attending university in 1991 to roughly 38% in 1997.

<i>Participation rate for HE</i>	
2002	62%

2.12 USA

HIGHER EDUCATION and FURTHER EDUCATION

Fees

2.12.1 In the US tuition fees vary with institution or sector, with high prestige institutions or those belonging to more competitive categories (universities versus community colleges) being allowed to charge higher tuition fees. Students are charged means-tested up-front tuition fees, and the poorest students will be exempt from fees altogether. There is a split between public universities - who charge around \$5,000 - \$15,000 (£2,755- £8,265) per year depending on location, type and length of course and private universities, where fees can be as high as \$30,000 (£16,531) per year. There are no maxima for student contribution to fees. The costs to students of HE in the USA have increased recently, particularly through increased tuition fees in both public and more expensive private universities. In 2003-2004 the average fees for a four-year public university course were \$4,694 (£2,586) (a 14% increase on previous year) and for private university courses the average was \$19,710 (£10,861) (6% increase on previous year).

Maintenance

2.12.2 Two-thirds of all student financial aid comes from the US Department of Education. Support for living costs is predominantly in the form of means-tested loans with varying interest rates and some states offer merit-based scholarships. Eligibility for student support is decided based on the information submitted by the student on the Free Application for Federal Student Aid, and calculations of the Expected Family Contribution (EFC). If the EFC is below a certain level, the student further qualifies for the Federal Pell Grant. Other programmes of financial support are The Federal Supplementary Education Opportunity Grant (FSEOG), FWS, Federal Direct Loan (FDL), Federal Perkins Loan (FPL), Stafford Loan and PLUS loan. The loans are not income contingent. Since the obligation to repay loans does not depend on graduate income, the default rate is high, in particular for students who studied at vocational institutions.

Participation rate for HE

2000	43%
2001	42%

3. CHAPTER THREE: DISCUSSIONS AND CONCLUSIONS

3.1 This concluding section pulls together the evidence from the countries described, to consider some questions about the impact of various types of funding systems on participation from different groups of students.

Relationship between costs of tertiary education and student's socio-economic background:

3.2 Research in Australia, Canada, New Zealand, the US, and the UK¹² suggests that at the macro level, demand for HE is relatively static/constant in the face of price increases, but that in some countries (or at certain tuition levels) there may be a change in the proportion of students enrolled from different socio-economic groups. However, overall, participation in HE seemed to have increased across all social groups. Interestingly this appears to be the case in the US and the UK where net price changes appears to have a greater effect on students from lower socio-economic classes, but not in Australia and New Zealand where the introduction of tuition fees (albeit deferred) did not influence the composition of the student body (LaRocque 2003 and Chapman and Ryan 2002).

3.3 Research on the HECS system in Australia has shown that it did not reduce the overall participation among students from low socio-economic background, although the number of males from these groups in HECS Band 3 which is the most expensive courses declined by 38% following the introduction of the differential HECS charges.

3.4 The principal choice facing potential students is whether or not they wish to participate in HE. Studies from in the UK indicate that while the tuition and living costs of taking tertiary education (and associated accumulation of debt) is a source of concern for potential applicants (UCAS, 2002), the replacement of grants with loans and the introduction of tuition fees in 1998 did not adversely affect the social-class mix of entrants to university. Indeed the proportion of ethnic minority entrants and women has grown since then (UCAS, 2000). However, there is a difference in terms of participation in HE by students from different socio-economic groups.

3.5 Fifty percent of young people from social classes I – III (non-manual) attend HE, whilst only 19% from social classes III - V (manual) take up HE. The latter groups are found to be afraid of debt and the implications of being in debt. Student debt has trebled since 1997, with students from low-income backgrounds leaving university with more debt than their contemporaries. Three quarters of young people from low income backgrounds who decide not to pursue HE cite a lack of money and fear of debt as the main reason (Universities UK, 2003). These studies imply that the market in HE may further reduce access to these debt-averse students, and raise the question of how they value a course and institution.

¹² Andrews 1999, Li and Min not dated, La Rocque 2003, Junor and Usher 2002, and Heller 1997 cited in Vossensteyn 2000

Effects of increase in contribution towards tuition fees:

3.6 In Canada, a rise in tuition fees has not adversely affected the participation of students from less well-off families. The Maritime Province Higher Education Commission (1997) of Canada reported that in general there was an appreciation by students of student debt as an investment in the future and one which had a good return. However, it was also reported that the level of debt may affect the decision of students from low income households and that the uncertainty was with regards to the ability to repay the debt on completing the studies. In the face of rising tuition fees in the US, more students may be participating in the College Board's College Level Examination Programmes that culminate in a test that if passed with a certain score allow the student to receive college credit from many public and private colleges and universities (Hebel 2003).

Differential tuition fees based on course and related costs:

3.7 In countries where the level of tuition fees varies with subject (for example, in Australia and New Zealand), it is typically low for arts courses and high in medicine. Science and law courses vary between these two extremes. Given the higher costs of such courses and higher levels of earnings by graduates from these courses, it may be argued that this is a fair and efficient arrangement. However it cannot be overlooked that courses, which are considered important may be subsidised to promote growth. It is further noted that higher-priced courses may lead to a migration of graduates into more lucrative private sector jobs to the detriment of the public sector.

Loans and Grants:

3.8 In terms of funding HE through loans instead of grants, it is argued that it may discourage students from poor families, and that it is unfair that very successful graduates end up paying a smaller share of their income than less successful graduates. But social gradients in access to HE, and equity in educational attainment more generally, are primarily determined by cognitive developments in early childhood and the foundation laid during school (Carneiro and Heckman, 2003). Any aversion to incurring a debt may relate to the nature of the debt in that it is necessarily tied to the purchase of educational services. The issue is therefore with the nature of the socio-economic group's values and attitudes towards post-compulsory education.

3.9 In New Zealand, since the introduction of student loans in 1992, participation in tertiary education has almost doubled, and the number of young people entering tertiary education is today the highest in any OECD country. A key reason for this expansion has been that loans were available for any approved tertiary institution and that public funding for tertiary education institutions was reformed towards an equal per-student funding for public and private institutions. That led to an explosion of small, innovative vocational education providers who better reached students from non-traditional ethnic and socio-economic backgrounds (OECD, 2002). In comparison, countries trying to widen access by introducing or increasing grants to cover student living costs have had little success (Blöndal *et al.*, 2002; Chapman and Ryan, 2002).

Principles and facts corresponding to family responsibility towards student support:

3.10 The Netherlands and UK occupy a distinctively intermediate position as regards the principle of family responsibility. The Netherlands has moved towards total financial

independence of young people through the abolition of assistance to families and the introduction of grants for all students. In the Netherlands, parents receive no assistance with their student children, which reflects the desire of young people to seek freedom from parental control, and concern for the principle of financial independence. However, a share of financial support remains parental means tested thus partially preserving the dependence of young people on their families. This continues to restrict the students' freedom of choice of institution and course.

3.11 In the UK, 26% of students are required to personally contribute to their degree costs, as they do not receive the assumed contribution from their parents/spouse (Student Income and Expenditure Survey 2002-03, DfES, Nov 2003). Figures from Barclays Bank indicate that 30% of students receive less than the government's recommended parental contribution, while another 17% receive no contributions from parents at all. In many cases the non-custodial parent will not or cannot make an actual contribution to the student's tertiary education. High up-front tuition fees require students to finance tuition by private borrowing to the extent that they cannot cover the fees via support from their family or by working while studying. On the other hand, it may also be noted that some students may receive more than the assumed contribution as support from their parents.

Performance related student support:

3.12 An interesting feature noted from the funding systems in New Zealand is that student funding is performance related, in that the grant is treated as a loan unless the student completes his or her qualification within a pre-ordained time. Universities are also subject to performance-based funding. They receive a centrally determined, flat-rate tuition fee irrespective of subject or university, but for any amounts over that, 50% of the university's teaching budget is based on performance measured in terms of completion rates within a specified time period.

Impact of student support from sources other than public funds:

3.13 The total level of spending on tertiary education tends to be higher in countries that do not rely only on public funds but also have substantial contributions from students, donations and other non-government sources. Economic efficiency is thought as better served when individuals pay directly for services they receive compared to raising taxation. This implies that the 'provider' of student support may have a more important bearing on economic efficiency in tertiary education than the 'type' of support received.

3.14 Nevertheless, from a theoretical perspective, the 'type' of support available could impact upon the economic efficiency in education. For example, a Graduate Contribution Scheme could increase the redistribution of funds through supporting students on low income while studying and taking a contribution in the form of repayment when they graduate and earn a high income (Goodman and Kaplan, 2003). Such redistribution over each person's lifetime may be considered as preferable to fee exemptions, below-market interest rates and other subsidies for students with a low-income background which have ambiguous effects on equity, as they redistribute income to individuals that may be poor today, but over their lifetime are more affluent than the average tax payer (Barr, 2003a, 2003b).

Cost sharing:

3.15 The charging of tuition fees has increased, as more countries turn to cost sharing in an effort to meet growing demand for, and offset decreasing government investment in tertiary education. This has translated into growing numbers of state policies that encourage, or at least allow the charging of tuition fees.

3.16 In spite of the increase in cost-sharing, the concept remains politically contested in most countries, mainly sustained by the case of students from low income backgrounds. The challenge, therefore, is to design efficient and effective student support programmes that can offset any discouraging impact that tuition has on the participation of less well-off students. Scotland currently has policies that address this challenge. Students ordinarily resident in Scotland undertaking a full-time sub degree or first degree in HE are generally entitled to have their fees paid. A final challenge is that social returns must be evaluated not only to set priorities for future educational investments but also to allow comparisons with private returns, in order to choose an efficient mix of private and public funding that avoids over-education, if too heavily subsidised, or alternatively under-investment.

ANNEX 1: The international experience of tuition fees and maintenance in tertiary education – a comparison.

Tuition Fees and Maintenance in HE					
Country	Tuition Fees	Loans & Grants	Frequency of Payment	Additional Needs Support	Participation rate (2001)
Scotland	No fees for eligible students	Loans and means-tested grants.	Termly	Yes	51%
England	Means-tested & standard across institution & course.	Mainly loans.	Once per term	Yes	No specific figures for England
Denmark	No fees except for Open University programme (same fee & loan for HE & FE).	Means-tested, low rate of interest loans & grants.	Monthly	Additional monthly grants in exceptional cases	44%
Germany	None	Needs-based means-tested grant & interest free loan.	Monthly	No	32%
Sweden	None (same body for loans & grants for HE & FE).	Loans to all students aged 18 & grants for maintenance.	Monthly during term time	No	69%
Australia	Fees relate to type of course; can be repaid through tax system.	Mainly loans; grants available too.		Yes	65%
The Netherlands	Fees paid upfront or in monthly instalments; same for HE/FE/vocational education.	Basic & supplementary loans convertible to non-repayable grants if performance requirements are met.	Weekly for grants & monthly for loans	Yes	54%
New Zealand	Means-tested tuition fees vary according to subject; & can be deferred; integrated system for FE & HE.	Student Loan Scheme for fees & Student Allowance (means-tested grant) for maintenance.	Weekly/per course	Yes	76%
Canada	Fees depend on region, institution and course.	Mainly loans; grants available.	Grants - weekly	Yes	No specific figures for Canada for 2001
USA	Means-tested up-front fees.	Mean-tested loans; no grants; federal merit-based scholarships available.		No	42%

Tuition Fees and Maintenance in FE				
Country	Tuition Fees	Loans & Grants	Frequency of Payment	Additional Needs Support
Scotland	No fees	Means-tested discretionary bursary and the Education Maintenance Allowance (EMA) programme.	Depends on the type of bursary	Yes
England	Depends on age. No fee for 16 year olds. 16 – 18 are charged 25% of fees. Others are charged partial fee towards course costs. Fees may be waived for certain groups at discretion of college.	No loans & grant system in place although there are a number of initiatives to fund certain groups of students e.g. Education Maintenance Allowance (EMAs), Modern Apprenticeships.	Depends, for ex: EMA – monthly.	Number of sources available.
Denmark	No fee for majority although certain courses require a small administration fee.	Loans similar to HE; means-tested grants for F/T students equal to unemployment benefit (Youth Education Programme).	Monthly	Extra monthly grants available in certain situations i.e. sickness and childbirth.
Germany	Formal FE mostly free. Informal FE and some general adult education require participants' contribution.	No loans; Grants available for some i.e. adults seeking to obtain school qualifications and career advancement training and for continuing education for talented young people in employment.	D/K	No
Sweden	None	Rules for loans & grants are same as for HE; under 20 year olds automatically receive monthly grant; over 20 can apply.	Monthly	Additional loans for students aged 25 & over
Australia	Fees apply based on number of hours of the course. Concessions provided to those with Health Care Card, Pensioner Cards or those in prison. For those assessed as being financially disadvantaged fees can be paid in instalments.	No loans; various grants available for maintenance.	Mostly fortnightly	Various schemes available.

ANNEX 2: Programmes supporting the HE and FE funding systems in different countries.

SCOTLAND – FE maintenance

1. **Education Maintenance Allowance (EMAs):** Education Maintenance Allowance (EMA) provides financial support to eligible young people from low income families (i.e. total taxable household income less than £30,000 per annum), to help continue with post-compulsory education in school and/or FE college. All eligible students between the age of 16-19 years¹³, and on a full-time course in school or FE college are eligible for EMA. Signing a Learning Agreement is a prerequisite. Also, 100% weekly attendance on the course is required. EMAs are paid for up to 3 years and 3 years out of 4 for students with additional support needs. A maximum of 42 weekly payments are made in 1 academic year. The payments are made directly into the students bank account. There are two periodic bonuses of £150 if the student remains on the course and makes good progress with learning. These bonuses are paid out in January and June/July. The programme is managed by the Local Councils and FE colleges. All information and applications are made available through the local authority, school or college. From the academic year 2004-05, all schools and FE colleges are eligible for EMA. By 2007-08, all eligible 16-19 year olds who undertake a full time course at school or college will receive an EMA. In the pilots, in 2002/03, there were 7470 awards, of which 2870 (38%) were awarded to students in FE colleges and the rest to school students.

2. **Individual Learning Accounts(ILAs):** A new programme called ILA Scotland was launched in December 2004 initially restricted to basic ICT courses offered only to targeted low income learners. Funding is available up to £200 focused mainly on taster or starter courses. A universal offer will be rolled out from summer 2005. Essentially ILAs are designed to provide support only for the fee element of the learning undertaken. There is no maintenance/living cost element of the support. ‘Account holder’ status under the targeted offer is subject to income assessment. ‘Account holder’ status under the universal offer will be on an entitlement basis for over 18s resident in Scotland, subject to the availability of funds in the ILA Scotland budget. In 2001-02, during the initial ILA programme (suspended pending reintroduction) ILAs were used by around 9,000 students to fund a HE course. Similarly in 2001-02, ILAs were used to fund FE courses for 16,000 students.

ENGLAND

Higher Education Fees

3. **Dependant students:** For 2004/5, students who financially depend on their parents and whose household residual income (income before deductions but after certain allowances) are required to make the following payments towards tuition fee:

- Less than £21,475 - no contribution.
- Between £21,475 and £31,972 - partly contribution worked out on a sliding scale.
- £31,973 or more - full fee contribution of £1,150.

¹³ EMAs are being rolled out on a staged basis to eligible 16 year olds (those who reach their official school leaving date) in 2004-05, 16 and 17 year olds in 2005-06 etc.

4. **Independent students:** For independent students who are married or living with a person having enough residual income, the Local Education Authority (LEA) assesses their contribution instead of their parents; based on the same threshold as above.

5. **Single independent students:** Single, independent students have an income threshold of £10,000. The LEA will ignore all the same types of income that apply for other students. It will assess for a contribution in the way shown below.

- No contribution for incomes less than £10,000.
- A £45 contribution for income equal to £10,000.
- £45 plus £1 contribution for every £9.50 of the income above £10,000.

HE Maintenance

6. **Loans:** The maximum loan available in 2004/05 is:

- 3.17 £4,095 for students living away from home,
- 3.18 £5,050 for students living away from home in London and,
- 3.19 £3,240 for students living at home

7. The loan is repayable once the student completes the course and earns in excess of £10,000. Repayments are reasonable – for instance, if their income was £15,000 they would repay £37.50 per month. From April 2005, depending on approval by the Parliament, it is due to rise to £15,000. Repayments take account of inflation but do not have the same interest rate which banks and other lenders charge.

8. **Higher Education Grants:** The amount of the Higher Education Grant received depends on the student's and/or their family's income as follows:

- Income of £15,200 or less: full entitlement
- Income between £15,201 and £21,185: partial entitlement
- Income over £21,185: no entitlement

9. **The Parents' Learning Allowance:** Through this allowance, an amount up to £1,330 is available to help with course-related costs per year for students who have dependent children. The amount received depends on the household income (including that of a husband, wife or partner)

10. **Child Tax Credit:** from the Inland Revenue: Students with dependent children are eligible for Child Tax Credit from the Inland Revenue. The amount is paid to parents whether they are working or studying. Students receiving the maximum amount of Child Tax Credit are entitled to free school meals for their children. To qualify the applicant must be aged 16 or over and be responsible for a child under 16 or for someone aged 16 to 19 in relevant (full-time non-advanced) education, or who is registered with the Careers Service or similar body.

11. **Childcare grant:** This grant is available for full-time students with dependent children in registered or approved childcare. The amount received is based on actual childcare costs and depends on the household income. For a single child, the parent-student can receive up to £114.75 a week (85% of actual costs of up to £135 a week); and for two or more children, up to £170 a week (85% of actual costs of up to £200 a week).

12. **Adult Dependents' grant:** For students with a husband, wife or partner or another adult member of the family who are financially dependent. The amount received depends on income level and that of the adult dependents. Up to £2,335 a year for full-time students with adult dependents.

13. **Disabled Students' Allowances (DSAs):** DSAs help with costs incurred by the student, in attending their course, as a direct result of their disability. DSAs are available to full-time and part-time students with disabilities although part-time students must be studying at least 50% of a full-time course. The amount received does not depend on their income levels. Additional support may be available for specialist equipment, extra costs of travelling to the institution, a general allowance, and non-medical helper's allowance - for example:

- Specialist equipment allowance of up to £4,565 for the whole course;
- A non-medical helper's allowance of up to £11,550 a year; the maximum available for part time study being £8,670;
- A general disabled students' allowance of up to £1,525 a year; which is 1,140 for part time study;
- Extra travel costs incurred as a result of disability.

14. **Care Leavers' grant:** This grant helps with accommodation costs during the long (usually summer) vacation and is up to £100 a week.

15. **Access to Learning Funds:** (known as Financial Contingency Funds in Wales): This provides help for students on low income and in need of extra financial support for their course and to remain in HE. Applications are made through the college and is applicable to certain approved courses only. These funds support both full-time and part-time students (studying at least half of the equivalent full-time course). Students will be assessed according to individual needs although priority will be given to certain groups of students such as lone parents and students from low-income families.

FE Maintenance

16. **Learner Support Funds:** This can be used to help students aged 16 and over with the costs they may incur during a FE courses. These costs could include books and equipment, extras like visits or field trips and emergencies affecting their living, learning or personal costs. Colleges and schools would normally give priority to students with disabilities and/or learning difficulties, those leaving care, probationers, students reaching 19 and losing benefits during their courses.

17. **Education Maintenance Allowance:** EMA is a weekly payment of up to £30, paid directly to students in FE aged 16 years old after 31st August 2004 with a household income of £30,000 or less. Bonuses of £100 may be paid to students who remain on their course and make good progress. EMA is paid in addition to other support and benefits provided by the Government. Students can receive an EMA if they are enrolled on courses of FE up to and including Level 3 but not including HE (e.g. AS/A2, GNVQs, NVQs, GCSEs, Basic skills).

18. **Care to learn:** A childcare funding scheme for young parents aged up to 19.

19. **Modern Apprenticeships:** This provides quality work-based learning for participants to achieve qualifications at Foundation Modern Apprenticeship (NVQ level 2) and Advanced Modern Apprenticeships (NVQ level 3 and above). Apprentices are either paid a wage by their employer or receive a training allowance.

WALES – HE Maintenance

20. **Financial Contingency Funds:** This provides help for students on low income and in need of extra financial support for their course and to remain in HE. Applications are made through the college and are applicable to certain approved courses only. These funds support both full-time and part-time students (studying at least half of the equivalent full-time course). Students will be assessed according to individual needs although priority will be given to certain groups of students such as lone parents and students from low-income families.

21. **Assembly Learning Grant (ALG):** Funded by the Welsh Assembly Government, the ALG provides additional support to students who might otherwise experience financial difficulty whilst undertaking post compulsory or HE undergraduate courses. From autumn 2003, students apply for an ALG in addition to student loans and other forms of support. Existing full-time and part-time students, prospective students considering such courses in post compulsory or HE, and those returning to education after a break are eligible to apply.

22. Applicants must be normally resident in Wales, but can study anywhere in the UK. They must be taking an undergraduate course in HE or, if 18 years and above, following a post compulsory education course leading to a nationally recognised qualification delivered by a publicly funded HE/FE Institution or LEA maintained school or college. The course must involve regular, frequent attendance at a designated learning centre, amounting to at least 275 contact hours a year (post compulsory education) or 30 credits (HE). Each application for an ALG will be means tested. To qualify, the student or their family's residual income must be less than £15,350 a year.

AUSTRALIA

23. The Commonwealth contributes more than half (61%) of the revenue received by HEIs and made up of grants through the Education, Science and Training portfolio, HECS, and other Commonwealth Government grants. (Higher Education Report for 2003 to 2005 Triennium, Commonwealth Department of Education, Science and Training). Resources are allocated on a rolling triennium basis, for a specified number of student places, providing institutions with a level of funding on which to plan for at least three years.

24. Funds for research and research training are allocated either through performance-based funding programme administered by the Department or peer-reviewed competitive grants administered by the Australian Research Council.

25. The Australian Postgraduate Award Scheme provides financial support to Australian postgraduate students of exceptional research capabilities undertaking higher degree by research at an Australian HEI; varying from a 2-years maximum support for Masters and 3-years with a possible extension of 6 months for Doctoral programme.

26. The Australian Research Council is an independent agency playing a key role in the government's investment in research and innovation.

Band	2003 HECS level	Projected 2005 HECS level	New Student Contribution range (set by institutions)
Band 3 (Law, dentistry, medicine, veterinary science)	\$6,136 (£2,351)	\$6,427 (£2,462)	\$0 - \$8,355 (£0 - £3,200)
Band 2 (Maths, engineering etc)	\$5,242 (£2,009)	\$5,490 (£2,100)	\$0 - \$7,137 (£0 - £2,700)
Band 1 (Humanities, social sciences)	\$3,680 (£1,400)	\$3,854 (£1,470)	\$0 - \$5,010 (£0 - £1,950)

27. **Youth Allowance:** provides financial assistance to full-time students aged 16 to 24 years or those temporarily incapacitated for study. It is also possible to obtain a fare allowance (usually for tertiary students who have to live away from their permanent home of study) and rent assistance. Rates range from A\$174.30 (£66) per fortnight (pf) for a single student with no children under 18 and living at home to A\$417.40 (£160) pf for a single student with a child away from home.

28. **Austudy Payment:** To qualify for Austudy Payment a person must be undertaking a qualifying study and be aged 25 or over. Approved courses generally include secondary education courses, undergraduate education courses, undergraduate courses, associate diplomas and some other diplomas, TAFE courses and some post-graduate courses. The amount of Austudy depends on the applicants' income and assets, whether they are single or have a partner, number of dependant children and whether they've been a 'long term' income support student. Applicants are subject to a personal and partner income and assets test. Rates range from A\$318.50 (£122) for a single student to A\$417.40 (£160) for a single student with a child.

29. **Pensioner Education Supplement:** for pensioners studying an approved course at an approved education institution. A\$62.50 (£23) per fortnight is available for students with at least a 50% study load and A\$31.20 (£11) per fortnight for approved students with at least a 25% study load. Fare allowances are also available and no income or assets tests apply.

30. **Abstudy Scheme:** For Aboriginal or Torres Strait Islander descent studying an approved course at an approved education institution. This scheme includes a living allowance, school term allowance, school fees allowance, incidentals allowance, fares allowance etc. Rates of payment for the living allowance vary according to age and circumstances from A\$24.10 (£9.00) a fortnight for those under 16 in tertiary education to A\$417.40 (£160) for an unpartnered over 21 year old with a dependent child.

31. **Aboriginal Employment Programme:** The Aboriginal Employment Programme is committed to assisting Aboriginal people registered to achieve their career goal, and offers a range of services including financial assistance for identified training opportunities relating to employment outcomes.

32. **Disabled Apprenticeship Wage Support:** provides assistance to purchase equipment and make modifications that will enable the New Apprentice to fully undertake all training and work required under the training programme.

33. **Youth Employment Programme:** supports young people experiencing barriers to successful participation in the labour market into employment.

CANADA

34. **Canada Student Loan:** This is a federally subsidised repayable loan that can cover a maximum of 60% of the assessed need, up to \$165 (£66) per week of study. To be eligible, students must maintain a minimum of 60% of a full time course load. Students with permanent disabilities may enrol in 40% of the full time course load. Part-time students receive a maximum of \$4,000 (£1,600) outstanding at any one time, if enrolled in and maintain 20% to 59% of the full time course load (20% to 39% for disabled part time students). This loan is made available at the start of the academic year. For full time students, repayments begin after six months of finishing studies. In the case of part time students, interest begins to accrue the day the negotiation is made for the loan and this is to be paid from the following month.

35. **New Brunswick Student Loan:** This is a federally subsidised repayable loan that is usually paid mid-term of the course. The maximum available is 40% of the assessed need, up to \$110 (£44) per week of study. The same eligibility and repayment rules as above apply.

36. **New Brunswick Bursary (NBB):** This is a provincially subsidised non-repayable grant for which the applicant is automatically assessed. A maximum of \$90 (£36) per week (of study) is available to students without dependants and \$80 for those with dependants. The eligibility criteria remain the same as above. However, applicants are required to submit a Confirmation Of Earnings (COE) form to confirm that their need is greater than the maximum student loan available. The bursary cheques are made available two months prior to the completion of the studies at the institution of study.

37. **Canada Study Grant:** This is a federally subsidised non-repayable grant to further help students with more than one dependants. Students with one or two dependants receive \$40 (£16) per week of study. Students with three or more dependants get \$60 (£24) per week of study. The maximum amount available in any given year is \$3,120 (£1,248). The eligibility criteria and payment methods discussed in NBB for full time and part time students apply to this grant too.

38. **Canada Study Grant – High-need Students with Permanent Disabilities:** This is a federally subsidised non-repayable grant of up to \$2,000 (£800) per loan year for full time and up to \$1200 (£480) for part time, to assist students with permanent disabilities and assessed to have greater needs than the maximum amounts available from student loans. It is available to both full time and part time students to help with the costs of accommodation, tuition, books and other education related expenses. Payment method is as for NBB.

39. **Millennium Bursary:** The Canada Millennium Bursaries (CMB) is one among the two programmes administered by the private and autonomous organisation called the Canadian Millennium Scholarship Foundation, established in 1998 by an Act of Parliament. It works in co-operation with provincial and territorial governments and has an endowment of 2.5 billion dollars. The other fund administered by this organisation is the Millennium Excellence Award Programme. The CMB was introduced to help Canadians gain access to post-secondary education and to help reduce (the burden of) student debt. SFS assess applications based on financial need and the bursaries vary between \$2,000 (£800) and \$4,000 (£1,600) per annum.

40. **Canada Study Grant – Students with Permanent Disabilities:** This is a federally subsidised, taxable but non-repayable grant of up to \$8,000 (£3,200) per loan year to cover exceptional education related costs associated with a disability. Payments are made approximately 4 weeks after all paper documents are submitted to SFS.

41. **Canada Study Grant – Women in Doctoral Studies:** This is a federally subsidised non-repayable grant of up to \$3,000 (£1,200) a year for a maximum of three years. This special grant is intended to help increase the participation of women in certain fields of study at the doctoral level. The eligible fields of study are Engineering and Applied Sciences, Agriculture and Biological Sciences, Mathematics and Physical Sciences, Arts, Social Sciences and related fields, Dental Specialities, Physical education and Law. Grant cheques are sent approximately 4 weeks after the application has been assessed by SFS and is taxable.

USA

42. The Federal Pell Grant supports undergraduate students who have not earned a bachelor's or professional degree, and sometimes students enrolled in a post-baccalaureate teacher certification programme. The maximum Pell Grant for the academic year 2004-05 is US \$4,050 (£2231). The amount that an individual student receives depends on their financial needs, the costs of attending school, their status as a full time or part time student, and the amount of time they plan to attend school i.e., a full academic year or less. A student can get only one Pell Grant in an award year and also for not more than one school at a time. The funds are disbursed by the school either semester-wise or on a schedule of at least twice per academic year; either by applying it to the student's school costs or paying it directly to the student or a combination of both.

43. The financial aid offices of certain schools also participate in three other funding programmes that are campus-based. They are the FSEOG, Federal Work-Study (FWS) and FPL. Unlike the Federal Pell Grant, which provides funds to every eligible student, the campus based programmes provide a certain amount of funds for each participating school to administer each year. The amount will depend the student's financial need and availability of other funding support(s). The FSEOG are for undergraduates with exceptional financial need and the award ranges from US \$100 (£55) to \$4,000 (£2204) a year. This grant is awarded only to undergraduate students who have not earned a bachelor's or professional degree. The payment methods are same as the Pell Grant.

44. Students in the US often work while studying. The FWS provides part time jobs for undergraduate and graduate students, allowing them to earn to help pay education expenses, while encouraging community service work and work related to the student's course of study.

45. For FDL's the interest rate is variable (adjusted annually) but does not exceed 8.25%. For example, for the period July 1 2002 to June 30 2003 the interest rate for loans in repayment was 4.06%. The FPL is a low interest (5%) loan for both undergraduate and graduate students. Students can borrow up to US \$4,000 (£2204) for each year of undergraduate study. Payment methods and frequencies are similar to the Pell Grant. The government funds the loan and the individual schools lend to the students. Hence the loan is repaid to the school. Interest is charged on these loans and repayments for students attending school at least half time begin after 9 months of the student graduating the course, leaving school or dropping to below half time.

Individual school allot grace periods for repayments by students studying less than half time. Repayment amounts depend on the size of the debt and period of repayment up to 10 years excluding periods of deferment and forbearance.

46. Another type of loan called the Stafford Loan is administered by either the Federal Family Education Loan (FFEL) Programme or the FDL Programme. Either of these loans may be accessed by students at one time of enrolment at a particular school. Unlike the Direct Loans, these loans are not paid by the banks or credit unions, but by the schools themselves. The amounts borrowed and conditions of the two loans are the same. However, the source and repayment methods may differ. A dependant undergraduate student can borrow up to \$2,625 (£1446), \$3,500 (£1929) and \$5,500 (£3030) in the 1st, 2nd and 3rd years respectively. For independent students or for those whose parents did not qualify for the PLUS loan, the corresponding amounts are \$6625 (£3650), \$7500 (£4133) and \$10,500 (£5786) respectively. Repayment begins 6 months after graduation, leaving school or dropping below half time enrolment. The interest rates are variable but do not exceed 8.25%. For the academic year 2003-04, it was 3.42%.

47. Parents who have an acceptable credit history can borrow from a PLUS loan, also supported by the FFEL and Direct Loan Programmes, to pay for the student's education expenses. The student must be enrolled at least half time in an eligible course at an eligible institution. The yearly limit is equal to the cost of attendance minus any other aid received. Repayments start within 60 days of the loan being disbursed, without any grace period. Interest begins to accumulate at the time the first disbursement is made and are variable with an upper limit of 9%. The interest rate for 2003-04 is 4.22%. Also a fee of 4% is deducted proportionately from each of the loan disbursements, a portion of which goes to the federal government to help reduce the cost of the loans.

ANNEX 3: Findings from the DfES review of the use of discretionary fee remission in FE (ISBN 1 84478 140 2)

1. Over half (56%) of FE students aged 19+ received full or partial remission through either national policy or college discretion. The number of students granted remission under college discretion was almost double that qualifying within the Learning and Skills Council (LSC) categories. A majority (80%) of colleges used their discretionary powers to remit fees (20% offered remission only within LSC guidelines).
2. Partial fee remission by course was rarer and offered in only 32% of colleges.
3. College employees and those in receipt of state benefit were most likely to be granted this (60% and 59% colleges respectively granted fee remission to all those in these categories of learners). 44% of colleges granted remission to all full-time learners, and 32% to all learners over the age of 60. 23% of colleges granted fee remission to all asylum seekers not in receipt of benefits and 19% to all women returners. 17% of colleges grant fee remission to all learners on low incomes not in receipt of means-tested benefit, and 14% granted remission to all those with specific health problems.
4. 42% of the colleges granted fee remission to some of those on low incomes, and 38% to some women returners. Some of those in receipt of state benefits and some learners with specific health problems were granted fee remission in 32% and 27% of colleges respectively.
5. Learners most likely to get full fee remission (for all or some learners of a particular group) were those in receipt of state benefits (74% of colleges covered their fees). 60% of colleges covered the full fees of full-time learners, and 54% granted full fee remission to their employees (usually the course taken must relate to the employee's work or be part of planned staff development). People in receipt of non-means-tested benefit and asylum seekers not in receipt of benefit were also likely to receive full fee remission – 42% of colleges said this.
6. Learners most likely to get partial fee remission (to all or some learners of a particular group) were those over the age of 60 (32% of colleges), college employees (25% of colleges) and learners on low incomes not in receipt of means-tested benefits (22% of colleges).
7. Forty-three percent of colleges indicated that they offered full remission on all courses in community settings (i.e. off-campus provision in places such as shopping centres, community centres, hospitals and local schools). Reasons included high unemployment in the area, evidence of low income families and a desire to address local socio-economic need, or enabling access to education for those who would not be able or willing to attend the main college site.
8. When looking at colleges awarding fee remission (either full or partial) to all courses of a particular type: 39% of colleges offered fee remission to all taster courses, 28% to all access to HE courses, and 26% to all IT courses. All courses designed to attract specific groups were granted fee remission in 16% of colleges.
9. When looking at colleges awarding fee remission (either full or partial) to some courses of a particular type: 32% of colleges granted some remission to IT courses, 28% to some Access to HE courses and 16% to some taster courses.

10. Courses most likely to get full fee remission (to all or some courses of a particular category) were: IT courses (53% of colleges), closely followed by taster courses (47% of colleges) and Access to HE courses (36% of colleges). For specific courses at particular levels the figure was 28%; for courses designed to attract specific groups, 27%; and for specific courses in particular subjects, 21%.

11. Partial fee remission related to the course was much rarer, with only 32% of colleges allocating partial fee remission by course. Partial remission (to all or some courses of a particular category) was most likely to be granted to the following courses: 8% of colleges granted partial fee remission to IT courses, 7% to taster courses, 4% to Access to HE courses.

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