

Imperial College Union
Higher Education Funding Policy

A paper by the Deputy President (Education)- Nat Kempston

Background

Higher Education funding involves:

1. The income of a university (which it then spends on teaching, research, staff, buildings, equipment etc...)
2. The contribution paid by students and graduates
3. The contribution of the government/taxpayer
4. The conditions and limits placed on the above

The Higher Education funding model is important, as it doesn't just affect who pays and when they pay, it also affects behaviour, accessibility and outcomes.

Imperial College Union's previous policy (which lapses in July 2014) covered both funding and access in Higher Education. This policy is to replace the funding part of the policy, with our stance on access coming separately.

We need Imperial College Union's stance on a preferred funding model.

Beliefs

1. Entrance to University should be determined by nothing other than academic ability, and that especially wealth should play no effect, so that:
 - a. Any student regardless of financial situation can come to University.
 - b. Universities are not incentivised to be biased to richer students.
 - c. Students should be able to study anywhere in the country regardless of the location of their home town.
2. That the important aspect of what a degree costs a particular student is not the headline fee (eg. £9,000) but the cost the student ends up paying.
3. Students should have to pay nothing upfront, only once they have graduated.
4. That any rise in fees proposed by the Government should not simply be to plug the gap left after Government funding is cut, but that it should be a mechanism to make access fairer, get money to Universities and give Universities more freedom, with the aim to improve teaching standards, contact time and feedback.

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5. That Postgraduate taught Masters should be included under the same payment method, where fee payment is not up-front.

6. Imperial College Union supports *insert model here* as a Higher Education funding model

Choose one from:

- a. **Free Education**
- b. **Graduate Tax**
- c. **Tuition Fee Loan system**

Appendix A

Arguments for Free Education- Andrew Tranter

The debate about higher education funding is not about what the country can or cannot afford. The current forecasts suggest that 45% of student loan income will be written off. This is rapidly approaching the figure of 48.6%, where the current tuition fees system will cost the state more than it did four years ago, before tuition fees were trebled. So let's be clear: this is an ideological debate about what universities are, and who they should serve.

It's often argued that fees allow for more money for universities, to spend on bursaries or better teaching. But that's not true – fees have instead been used to offset budget cuts. The current teaching grant provided by the state to universities is about 29% of what it was in 2009. What we're seeing is an end to the concept of the university as a publicly funded body. In other words, we're seeing the privatisation and marketisation of the higher education sector. Markets might be good for some things, but managing public services in a fair and democratic way is not one of them. Increasingly universities are ceasing to serve the public good, instead focusing on research that can easily be commercialised.

We are no longer really students, but instead passive consumers. Our role is limited to being customers paying for a service. That's not how we should have to see our lecturers and colleagues – the people we work alongside. Only by taking tuition fees out of the equation can we interact in a meaningful way without academics having to worry about balancing the books.

At the same time as all this, by the way, we've seen a huge increase in managerial pay packets. Our own Rector was paid about £364,000 in 2011/12, which, incidentally, is about 23 times the standard stipend for EPSRC-funded PhD students in London. Meanwhile, lecturers' pay has been slashed 13% nationally in the last four years. Students struggle to pay rent. And yet tuition fees reliably increase every few years, and sooner or later will be completely uncapped. It is clear that universities are no longer run for the benefit of all of us, but solely those who can claw their way to the top of the hierarchy.

Some claim that free education would require cuts to maintenance loans and grants, or a reduction in student numbers. But the higher education budget is not fixed, as we've seen by the way successive governments keep cutting it. The higher education teaching block grant for 2014/15 is £1.582 billion. In contrast, the government currently plans on spending £25 billion on four shiny new nuclear submarines. A relatively small increase in higher education funding would allow us to provide free, funded education for anyone who has sufficient academic ability.

Our union shouldn't be afraid of calling for greater investment in education. Even if free education is impossible (it isn't), having a principled, progressive policy doesn't prevent us from negotiating pragmatically in the short term – if anything, it strengthens us by showing our integrity and willingness to stand up for students. With the government having repeatedly ignored us, it is clear that the weaker strategies previously used (including support for a "graduate tax" or maintaining fees at the current level) are pathetically ineffectual.

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On that point, nothing would be improved by patronisingly relabeling fees as a “graduate tax”. Indeed, such a system would only introduce the problem of being completely unenforceable abroad, leading to the emigration of the few who can afford to pay the tax.

We wouldn't be alone in re-adopting free education. Much of Europe has no tuition fees, or at worst tokenistic ones. To name only a few, this includes France, Germany, Denmark, Sweden and Scotland. Free education is supported by student unions across the country, including even the usually shit NUS. It's supported by the lecturers' union, UCU. If our own lecturers are calling for free education, why are we holding ourselves back?

At the end of the day, we're a students' union. We should be calling for the best option for students, not one that leaves the average graduate in almost £60,000 of debt. That means an end to the commercialisation and privatisation of higher education. Free education is the only way that we can ensure that everyone in society has the opportunity to access university education without fear of crippling debt. It is fair, economically sensible, and the only progressive option. Calling for anything less only gives the government an excuse to screw us over again.

Appendix B

Argument for Graduate Tax-Marissa Lewis

Graduate Tax is a model of higher education funding that shockingly involves students paying a tax in line with their income after graduation. Some models of graduate tax involve graduates paying a rate of tax until retirement, or for a certain number of years after graduation or until the cost of the degree is paid. For the sake of distinguishing this from a simple rebrand of our current model, I'll argue for a rate of taxation until retirement to be sporting.

Although it seems counter-intuitive to want to pay back student loans for the rest of your working life when the current system offers the faintest glimmer of hope of paying off your student debt before retirement, doing so addresses a current inequality in the system. As a loan, it accrues interest over time which means students who pay their fees up front or soon after graduation essentially buy their way out of paying interest. Assuming that some students do work long enough to pay off their loans, plus interest, in their entirety, it means that students from higher incomes pay less for their education than other students.

One of the major benefits to a graduate tax is that education remains free at the point of delivery and removes the stigma around debt and loans. 'Tax' is not perceived the same way as 'debt' which is a concern for current applicants and their parents - hearing you will be 40k in debt after leaving university is not the same as hearing you will be required to pay an additional tax on your income.

A graduate tax also removes the market economy of higher education. Raising the cap on fees to £9,000 led to many universities raising their tuition fees in line with the cap to preserve the perceived value of their degrees i.e. charging less than £9,000 would make their degrees seem cheap compared to other institutions. To put this in perspective, although universities may vary widely across the league tables, the average tuition fee for 2013-14 was £8,507 suggesting many institutions have fallen into this trap. Although it can be argued that raising the cap meant universities had to improve their offer to make it worth £9,000 a year, this is arguably not true as our job market values 'having a degree' often from a 'good university', which will be true regardless of the quality of teaching. Equally, it creates a system where students aren't just deciding their course based on the institution's merit but also on their perceived debt after graduation. Arguably, removing the economic component of degrees would force universities to compete on merit, rather than rely on undercutting the tuition fee market to attract students.

I'll now talk briefly about my esteemed opponents. Free education sounds grand and seems like the obvious choice for a student body. Still, there are two ways of achieving this system - either you massively increase general taxation or you massively decrease university places. These very different

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approaches reflect the diverse nature of free education supporters, namely the NUS, UKIP and the Green Party - three groups you don't normally put in the same sentence.

The option of increasing general taxation means that the model leans heavily on people who haven't gone to university (72.8% of the population) paying for students to have a privilege they themselves haven't enjoyed. Although you can argue the net benefit of some degrees to society (STEM, Medicine, Nursing, etc) and therefore that the general population will confer some benefit from free education, this isn't as great as the benefit to the individuals who attend i.e. vast impact on income, social mobility, etc. This is why I'd be reluctant to support a scheme which relied on general taxation.

The option of restricting places may sound appealing to all of those who scoff at so-called 'Mickey Mouse' degrees, but I wonder about the effect it would have on access arrangements for students from poorer backgrounds. A degree is so much more than a piece of paper, it is access to completely different employment prospects, it is one of the few methods of social mobility we have in this country. Restricting places would ultimately deny students these opportunities.

That leaves us with the current system and the argument that if it isn't broken that we shouldn't try to fix it. Well, I'd argue the system is broken. People much more qualified than me have argued that we are approaching a point where repayment of loans is so low that £9,000 fees are unsustainable. The number of applications to university have dropped. Personally, I attended the big fees protest which led to me being hit around the head with a placard when things got violent. For my welfare alone, this historic wrong must be redressed.

Okay, you can ignore the last part.

I'm not saying a graduate tax will solve the sector's problems - higher education funding is incredibly complex and frankly a bit of a mess. Still, I hope this article has convinced you it's the best hope we have.

Appendix C

Argument for Tuition Fee Loan System- Alex Savell

So, I am the poor schmuck who has to try to sell Tuition fees to the people already most disenfranchised with them. It's my job to tell you all why you running up a debt of £9000 per year on tuition fees alongside other costs is the best idea out there... oh, and I get 750 words to make that sale, 87 of which I've already used. So, good day to be me. That said, as I look at it more it seems more and more of a sensible standpoint. Why? Well let's see.

I don't think anyone would really disagree that free university education for anyone is a laudable goal, that would be brilliant, but it's not a viable or even vaguely realistic standpoint. The fact is someone always pays. 'Free' education really just means that the taxpayer foots the bill. I think this is obviously unfair for a number of reasons; for one that's a huge extra expense to the tax payer, approximately £12billion¹ per year which isn't affordable. Secondly, I don't think university is like healthcare; healthcare we all contribute so that everyone can receive it, but it is never likely that everyone will get a University education; even if it were, that would vastly increase the cost. No, I honestly believe that until such time as free university education puts no material pressure on the nations finances all students should be required to contribute something to an education that adds an estimated lifetime value on the order of £200,000². I think that seems fair.

But why tuition fees? A graduate tax is just as good a method at avoiding asking the tax payer to shell out for our degrees isn't it? And if you have that system you never feel quite like you have the £9000 per year debt albatross (as it currently stands) around your neck. That must be a good thing, surely. Except that the level you have to pay back over the years after university is the same or more; you do still have that debt in every way that matters, and yet the system encourages you to act like you don't. Can anyone else think of an example where ignoring spiralling debt has been an issue? Perhaps that's overly pessimistic, but a graduate tax also completely divides society into graduates and non-graduates until retirement. Tuition fees don't do that in nearly so profound a fashion. Equally, tuition fees offer a lot more freedom; want to pay them yourself rather than get a loan? Much easier than with a graduate tax. Also, loans are regulated (perhaps not well, but they are) there is only so much that can be done to force you to accept a higher rate of interest or change payment terms. A lot of those barriers are removed with a graduate tax. If it were set at 9% and the government decided they wanted 10% instead, or 20, or 30%? Then what's to stop them applying that to people already committed to paying the tax? I can think of only two things; the opposition and elections. I'm not sure either is one I'd want to bet my financial future on. A friend of mine also pointed out, that to some extent a graduate tax means the government owns 9% of you... which is a vaguely terrifying thought.

So no, I think that tuition fees are the most sensible of the three proposed ideas by some margin. They are fairer to the general public, they are more flexible than other payment options and more regulated and secure and while many of us have not enjoyed paying them, whatever scheme we've dealt with, they have not had a notable effect on overall university applications. So why risk moving to a system that could?

There is also a broader argument to be had here about how the funding model affects the education we receive. Tuition fees are the only model where students choose which university gets

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what money. Your fees are paid directly to them. Both the graduate tax and the free models pay a set amount to each university for a certain number of places each year. So tuition fees are the only proposed way to inspire competition and guarantee that universities have to prove they give students the best education and experience every single year. And don't we want to push universities to offer the best education and experience for students? Isn't that sort of what it's all about?

¹Based on Higher Education Statistics Agency Estimates of current student numbers

²Based on BIS research paper 112