Taking forward postgraduate funding

Steps towards a fair funding model for PGT

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A crisis in the postgraduate system

- **Funding cuts** – HEFCE funding through block grant is set to fall over next three years and no guarantees after 2015.
- **Fee inflation –** fees are currently unregulated and have been steadily rising well above inflation.
- **Outsourcing –** universities are using international students to secure funding, but we are not retaining their skills and neglecting to educate enough home students to fill gaps in our workforce.
- **Student debt** – students put off further study by crippling undergraduate debts.
- **Lack of private finance** – PCDLs not a offering good value and banks not interested in lending.

What we propose: a first step

- **Access to finance**: government-backed, income-contingent loans for PGT students.
- **Diversity of provision**: three streams of loans to take account of the different motivations and requirements at PGT Level.
- **Fee regulation**: a cap on tuition fees that prevents further fee inflations whilst ensuring universities cover their costs.
- **Public investment**: ensuring that government continue to allocate resources through the HEFCE block grant and RCUK.

The three funding streams

Access to the professions

Government, in partnership with professional bodies, would provide loans to those with greatest need to encourage diversity in the professions. Those entitled to full maintenance grant at UG would be eligible.

Part-time professional development

Employers would co-fund loans with government to allow their employees to take PGT qualifications alongside their work.

'Traditional' study

A government-backed loan scheme available for FT or PT masters students, which would support a discrete number of home students.

Eligibility would be based on undergraduate performance.

The loans

- Administered by the Student Loans Company.
- We suggest that the loan of around £6000 would provide considerable financial support while remaining cost-neutral for government.
- The loans can be used to pay in-full or in-part for fees and/or cover living costs.
- Repayments would begin at income of £15k and interest rate would be progressive as on UG loans (max RPI+3%).
- At least to begin with, the loan scheme would need to be limited to high-achievers and the most deprived students. This would allow the sector to grow at a sustainable rate.
- The scheme is voluntary in that universities will have to 'opt in' to it. We expect that most will choose to do so in order to secure student numbers.

Benefits of the system

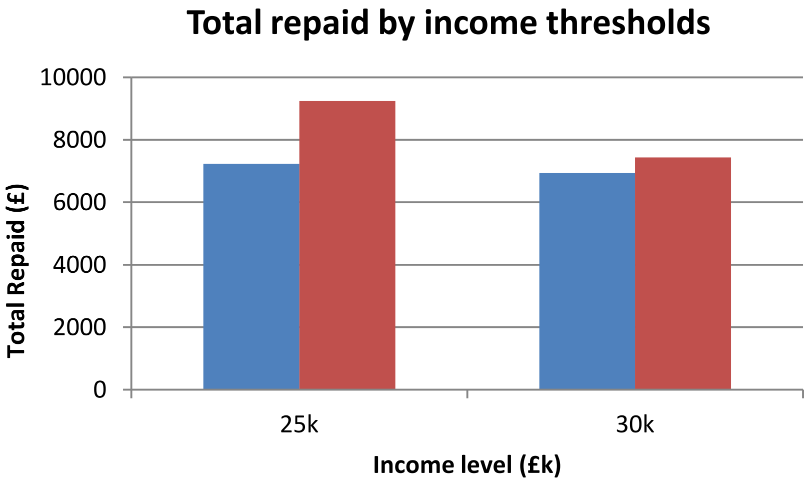
- **Access** – currently your ability to study at PGT level is determined by your ability to pay up-front for fees. A loan scheme would remove this barrier for most students.
- **Financial security** – reducing the financial burden on students, allowing them to complete their study without worrying about money.
- **Diversity** – provides different choices of finance for different circumstances.
- **Cheaper** – income-contingent with lower interest rates and lower monthly repayments than private finance (e.g. the PCDL).

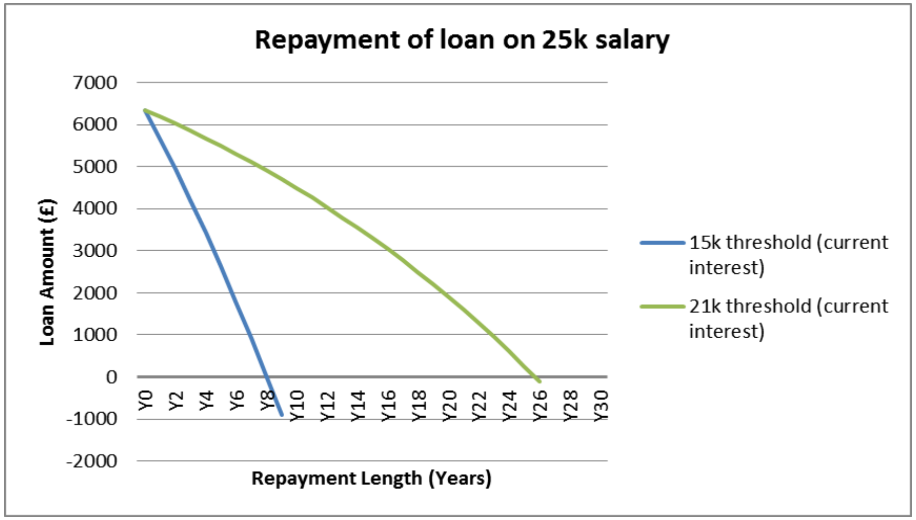
A comparison with the PCDL

PCDL	Loan Scheme: Salary £23500	Loan Scheme: Salary £30000
Maximum 5 Years Repayment Period	Repayment would take approx. 9 years	Repayment would take approx. 5 years
9.9% Interest	3.5% Interest	4.5% Interest
£126 per month	£63.75 per month	£112.50 per month
Total repaid £7560	Total repaid £7410	Total repaid £6940

Why lower the threshold to 15k?

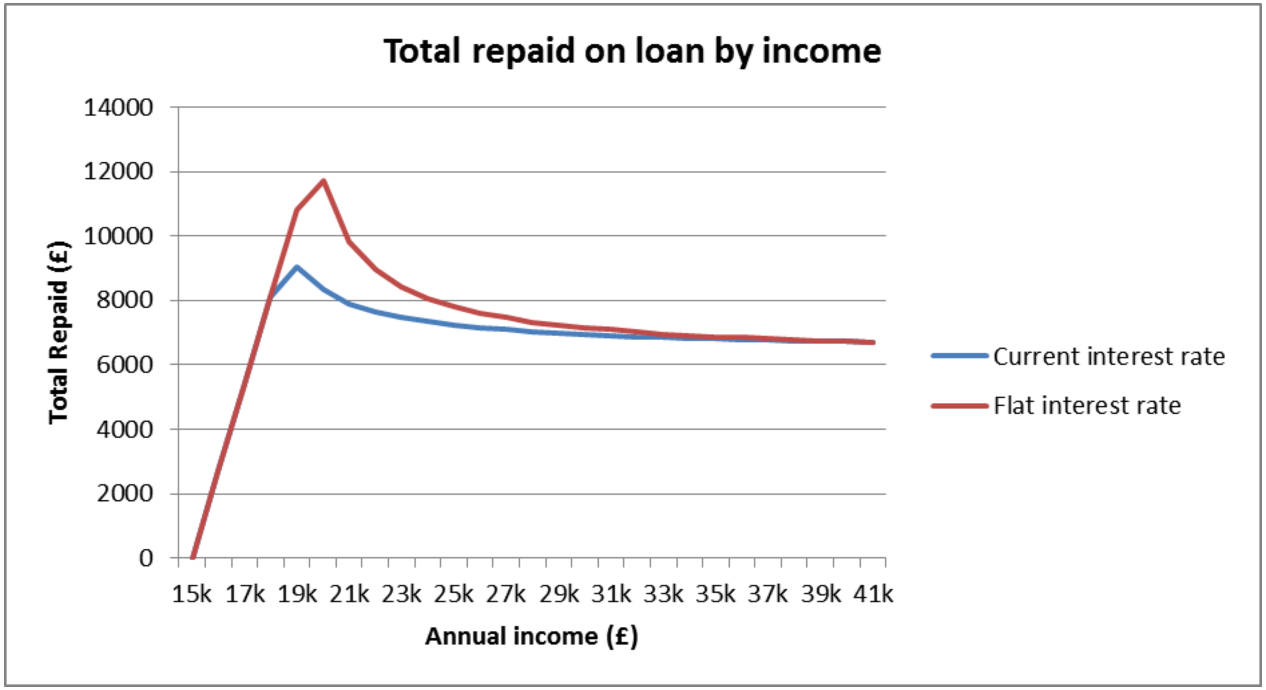
- Keeping the repayment threshold at £21k would have meant that students on average incomes would pay back considerably more in the long run.
- At £15k, the vast majority of students would repay their loans in less than 10 years.
- Also, at £21k, the government stand to lose a considerable amount of money, making it unlikely for them to agree to the scheme





Retaining the progressive interest rate

It is important that the loan scheme retains the progressive interest rate. This ensures that those with lower incomes do not end up paying considerably more back.



national union of students