

GRANTS STUDENT

PUBLISHED BY
LEEDS
UNIVERSITY &
POLYTECHNIC
UNIONS -
FREE TO ALL
STUDENTS
AND
STAFF

INFORMATION ABOUT THE STUDENT GRANT PROPOSALS

IN THIS ISSUE

STUDENT LOANS

Why they must
be opposed

COMMONS REPORT SUPPORTS HIGHER GRANTS

The facts

PARENTAL CONTRIBUTIONS Ever increasing

NEW GRANT LEVELS 1987/8

Full details

HOUSING BENEFIT

Summer 1987
Latest
Developments

STUDENT POVERTY

Are students
eating
properly?

THE GRANTS SYSTEM

Friends and
enemies
identified

Time to Act on Grants

One thing is for certain the national demonstration organised by the National Union of Students this Saturday and being supported by Leeds University Union and Leeds Polytechnic Students Union will be the most important since student grants began. Not only is the student grant continually declining and students are facing real poverty, but the whole grant system is under attack as the Government looks round for an excuse to introduce loans. With an election fast approaching it must be shown that any change from grants to loans will be a vote loser. Now is the time to get out of the idea of loans once and for all and get a decent level of grant, at least a grant that it is possible to live on. This year those decisions will be taken. Make sure your voice and those of your parents are heard and that you help to determine a brighter future for grant-aided students.

Three Developments in Student Financing

There have been three interesting developments in student funding within the last year. The first came from a House of Commons Committee, the Education Science and Arts Committee, who decided to take evidence and subsequently issue a report on the inadequacy of the present student grant. They report came out in January 1987 and was a damning indictment of the current level of student grant. While affirming their support for a grant-based system they had no love for the loans they feared the Department of Education to admit that even students receiving the full grant could no longer be expected to live off that amount of money. They concluded that there was an urgent need for an increase in real terms in student grants.

The Widdowson Review

The second development has been the review of student support granted by Mr George Widdowson, Parliamentary Under Secretary for Education and Science. Mr Widdowson is personally known to favour a shift away from a grant system towards a loan system. The Widdowson

Review will soon be writing its report.

It is important that the student opposition to loans is made more and made very obvious. It can be shown that student loans would mean huge repayments over periods of between ten to 15 years after study. Loans will reduce participation in higher education for students from poorer backgrounds. Mature students and those with disabilities would have little chance of getting any loans taken out, so they would be excluded from higher education all together. Grants were introduced so that students with academic abilities could remember those in a university or polytechnic. One from financial constraints. Perhaps it is now time to remind the Government that equality of opportunity is what education is all about, not the ability to repay loans.

Grant Levels Next Year

Exactly the Government announced the grant rise for the next academic year 1987/8, at the beginning of February. Their report to the House of Commons. Committee was to ignore all the evidence there had been offered of student poverty and to increase the



rate of grant to £7,000, or a mere 2p per day. This, coupled with continuing cuts in benefit entitlement, particularly housing benefit, will ensure that many students have difficulty making ends meet and some will have to leave their courses. Not only have loans got to be decisively rejected but the grant system, if it is worth protecting, must offer a decent standard of living to all students with academic ability. Now is the time to make that through a loan and clear one.

Establishing Principles

It is essential to restore the basic

principles behind higher education. These are: to maintain the highest quality of education, to offer equality of access, to enable students to choose a course for academic reasons without that being eroded by the need for financial reward either during the study or later in employment and finally, to provide students with independence, both in their choice of course and free from parental contributions to their living costs.

These principles are important and essential if higher education is to be a true reflection of academic ability and achievement.

Minister Hints at Loans

"I am going to recommend that there should be a change of attitude in this country to living as we live with other countries.

Three people should bear the burden of student support — the taxpayer, the parent, the student.

At the moment, it is the taxpayer, and the parent, not the student."

(Quoted in The Guardian 16.2.87)

SEE INSIDE FOR
FULL STORY

RALLY FEBRUARY 21 LONDON

Parental Contributions Soar

GRANT CHANGES 1987/8

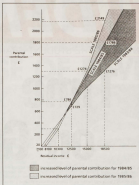
Parental contributions have steadily increased as a proportion of the student grant since 1979. In 1979/80 parental contributions were 24.6 per cent of the maintenance award but by 1985/86 this had risen to 34.9 per cent. This rise in parental contributions has not been evenly spread. Those in the middle and upper middle ranges of income (between £13,000 and £18,500 residual income) have been particularly badly affected. Since 1979/80 parental contributions have risen 185 per cent above the rise in inflation. In straight monetary terms parents are now being asked to pay £271 million towards the grant system, as compared to £84 million in 1979/80. The largest increase in parental contributions was in 1984/5 when annual contributions from parents rose by 36 per cent from £161 million to £221 million.

The graph published by the Education, Science and Arts Committee indicates which income groups have been worst

affected by the rises in parental contributions in 1984/5 and 1985/6.

Seventeen per cent of parents are now expected to contribute the entire maintenance award now that the maximum award has been abolished. Many of these would have also been paying academic fees for their student's education had it not been for a backbench revolt that overturned government plans in 1984 to mean-test fees.

It is important to remember that not all parents do pay, or can pay, their parental contribution, nor is there any legal obligation to do so. The Undergraduate Income and Expenditure Survey of 1982/3 commissioned by NUS found that 43.9 per cent of parents who had been asked to make a contribution were unable to pay all the money due. Many students have to scrape by on the money they are given, and many live below the student standard grant level.



Senate Slams Baker

WRITE TO YOUR MP

It is important that if you do not want to see your grant diminished every year under the Government to write to your MP and tell him or her that grants matter to you. Express your opposition to being poorer next year. Ask them why you should be expected to bring money next year. Ask them why you should be expected to study the year after year on less money. Better still, get your parents to write to their MP and express their opposition to paying higher parental contributions.

Give your MP in every detail about how the changes will affect you and some parents individually. Each letter sent will bring pressure to bear on the Government to give students a fair deal. Write to your MP at: The House of Commons, London, SW1A 0AA.

The Education, Science & Arts Committee: Student Awards

A FEW VIEWS FROM THOSE INVOLVED IN EDUCATION

"We regard that any child is deprived from entering higher education because of financial considerations." National Confederation of Parent Teacher Associations.

"Frankly, we were surprised that the Department responsible for the grant system, the Department of Education & Science, on student awards, in a matter of public policy, did not have adequate research of its own on which to base its policies." NUS.

"We are aware that it is regarded in some circles as a large part of the student's expenditure, such as books and rent, there is no question but that the cost of books and rent is both reasonable and private accommodation has gone up

far more swiftly than the grant... NATEU.

"I would have thought we would be far from generous if we included it [the value of the grant] by 21 per cent." Association of County Councils.

"The awards system as it now stands is failing to meet the requirements of an increasing number of students." Association of Metropolitan Authorities.

"The restoration of the grant itself to its real value would be the first priority." AJE.

"The only thing I should say is that we do doubt Ministers know what they are doing when they look the decisions they did." Department of Education and Science.

The Senate notes with concern the Department of Education and Science's memorandum to the House of Commons Education, Science and Arts Committee¹ which estimated that student awards had fallen in real value by 34.5 per cent between 1978/9 and 1985/6 and the admission by the Department of Education and Science that the Department "would not now maintain that the maintenance element of the mandatory awards is sufficient to meet all the essential expenditure of the average student".

The Senate notes also the Education Science and Arts Committee's conclusion that "there is an urgent need for an increase, in real terms, in student awards."

The Senate therefore expresses its disappointment at the recent announcement by the Secretary of State for Education and Science that student awards are to rise by only 3.75 per cent in the 1987/8 academic year, falling considerably below the rate of increase needed to stop students and those supporting them from experiencing severe hardship.

The Senate also endorses the view of the Education, Science and Arts Committee that "the current level of award is inhibiting students of academic ability from pursuing their courses to the best of their ability."

All references are to the First Report of the Education, Science and Arts Committee for Session 1986/7: Student Awards.

At the beginning of February 1987 Ministers announced a 3.75 per cent increase in the student grant. This follows the practice of setting grant levels well below the rate of inflation. It also ignored a call from the Education, Science and Arts Committee to increase the student grant considerably above the prevailing level of inflation in order to make up for low grant increases since 1979.

The new grant rate for those studying out of London, living away from the parental home, will be £1,952 (a rise on £1,901) an increase of £73.80 or put more starkly 26p per day from October to June. The National Union of Students called the rise "completely inadequate". They had called for a grant level of £2,250 to return the grants value to that held in 1979.

The Government's decision to offer only a small rise, with no significant changes in the structure of parental contributions can be seen as a "holding operation" pending the outcome of the Widdowson Review. The new parental contribution scales can be consulted below.

Postgraduates studying in London living away from their parental home will see their grant increase from the present level of £2,786 to £2,859. An increase of £73 or 26p per day.

PARENTAL CONTRIBUTION SCALES 1987/1988

Residual Income	1987/8 Contribution	1987/8 Contribution
0-5000	324	324
5000-10000	-	40
10000-15000	-	80
15000-20000	487	140
20000-25000	850	282
25000-30000	1200	391
30000-35000	1600	511
35000-40000	2000	631
40000-45000	2500	751
45000-50000	3000	871
50000-55000	3500	991
55000-60000	4000	1111
60000-65000	4500	1231
65000-70000	5000	1351
70000-75000	5500	1471
75000-80000	6000	1591
80000-85000	6500	1711
85000-90000	7000	1831
90000-95000	7500	1951
95000-100000	8000	2071
100000-105000	8500	2191
105000-110000	9000	2311
110000-115000	9500	2431
115000-120000	10000	2551
120000-125000	10500	2671
125000-130000	11000	2791
130000-135000	11500	2911
135000-140000	12000	3031
140000-145000	12500	3151
145000-150000	13000	3271
150000-155000	13500	3391
155000-160000	14000	3511
160000-165000	14500	3631
165000-170000	15000	3751
170000-175000	15500	3871
175000-180000	16000	3991
180000-185000	16500	4111
185000-190000	17000	4231
190000-195000	17500	4351
195000-200000	18000	4471
200000+	18500	4591

¹ The rate of contribution is assumed to be £7 from 1986-8 to 1988-9 and £10 from 1989-90 onwards.

Housing Benefit Summer 1987

Many students are wondering whether they will be eligible for housing benefit over summer 1987. Although the DESS have just brought the regulations on governing this period those regulations allow considerable decision-making by the local authority and said Leeds City Council has decided on its interpretation of the regulations it is impossible to tell what will happen over summer.

The welfare staff and Claire Whitley are embarking on a series of meetings with Leeds City Council and hope to issue guidance to students by the third week in March about summer entitlements. Until then, no one really knows.

The Government's Record on Student Grants since 1979

Reduced the real value of the grant level by 20 per cent.

Abolished travel expenses in England, Wales and N. Ireland.

Increased parental contributions from 24 per cent of the grant in 1978 to 35 per cent in 1986.

Changed the criteria for the Older Students Allowance.

Abolished the non-means-tested minimum grant.

Abolished the Special Equipment Grant.

The Student Loan Fiasco



Since 1979 the government has raised the possibility of student loans in three reviews. The last review, only two years ago under Sir Keith Joseph rejected the idea of loans in its conclusions in November 1982 on the grounds that a loan scheme would be administratively cumbersome, very costly in the short term and would reduce access to education to the poor. Ironically, the person selected for making the statement to Parliament rejecting loans was George Walden, the very man now heading the latest loans review, known as the Walden Review.

It is difficult to see how anything can have changed since November 1982 to justify this third review. It is even more difficult to see how Mr Walden can have an open mind on the subject. Nevertheless, this third review of student financial support must be taken seriously since it appears that the Department of Education and Science and Ministers are increasingly considering the possibility of introducing a loan system. On Tuesday, February 19, 1987, George Walden was quoted as saying "I am going to recommend that there should be a change of attitude in this country to bring us in line with other countries. Three people should bear the burden of student support - the taxpayer, the parent, the student. At the moment, it is the taxpayer and the parent, not the student." This was a clear indication of Mr Walden's leaning towards loan-financed student support and the way the current review is going. Loans must be opposed vigorously if this review is to reaffirm a rejection of student grant systems.

Student Loan: The Argument

The Moral Argument

The first argument used to justify student loans is a moral one. This argument states that students, as a matter of principle, should pay back the cost of their education. The argument

against this is simple: it is that students from a poor background who are academically able enough to enter higher education would, under a loan system, not be able to afford to do so. There is some evidence to suggest that participation rates in higher education by students from low income backgrounds has declined in countries that have student loans (for example in the USA, Canada, Sweden and Denmark). There are other arguments that can be used against this "moral" argument that students should pay for the cost of their education. Students and their skills are needed by the country in order to develop. Students are therefore fulfilling a national need and the country ought to make some financial provision to get the skills it will need to develop and prosper. Students already have to survive throughout the duration of their courses on a low income, that financial sacrifice is their contribution towards fulfilling that national need.

The Financial Argument

There those who favour student loans argue that the only way to give sufficient support to students whilst they are studying within the constraints imposed on public expenditure, is to provide them with loans. The argument against this has been loudly voiced by the Treasury and was one of the principal reasons for the pro-

cess review rejecting loans. Loans, in the short-term, would cost the government more than grants. Here the 'short-term' can be defined as at least seven or eight years, until the repayments on loans being given out at that time. Eight years is a very long time to be planning ahead and few government expenditure forecasts are drawn up more than three years in advance. In the medium and short term student loans would cost considerably more than the present grant system.

The Effect of a Loan System on Students

It is difficult for students today to get excited about a loan system if they feel that, firstly, it may not affect them and secondly, they understand the impact such a system would have upon students in the future. If the government decided on a loan system, the issue of loans could affect those studying in their first year here at Leeds. First year students, especially, those on courses lasting longer than three years are directly involved in the conclusions the Walden Review will make. Other students should be concerned about those who will follow them into the higher education system and should help protect the grant system that has allowed them the chance to study at an institute of higher education.

The Cost of a Student Loan

It is instructive to look at what a loan would mean to a student on a three year course in straight financial terms. A student in Leeds would be likely to need a loan of £6,400 to cover maintenance (based on current grant levels which are, in any case inadequate) for a three year course. If this

loan was repaid over a ten year period, assuming an interest rate of 11.5 per cent (only half of one per cent above current base rate, it still a concessionary rate) then the size of the repayment would amount to £15,824 or £135.86 per month every month for ten years. If a student were on a medical course then the financial burden would be greater. Here it is estimated that a Leeds student would need to borrow about £12,800. If we assume that this was repaid over a period of 15 years at 11.5 per cent interest then the size of repayment would be £35,000 or £194 per month every month for 15 years. All of these figures assume that no interest is charged on the loan during the actual period of time that the course is taking place.

Remember, that by obtaining a degree you have no guarantee of employment after your studies. You certainly have no guarantee of a highly paid job, particularly in certain areas of study. Students would be deterred from studying longer courses because the debts they ran up would be larger. Low paid professions that need graduate entrants, such as teaching and social work may well find students are unable to enter such professions because the salary levels on offer would be inadequate to pay off their student loans.

The Discriminatory Effects of Loans

It is clear that the ability to repay any loan incurred would be an important factor in selecting a course of study. Some students, however, would find loans not just a deterrent, but a bar to entering higher education. Mature students, who enter higher education in later years would not have sufficient working life left ahead of them to meet loan repayments. Most loan sys-

tems abroad bar students over a certain age from taking out a loan (the maximum age in France is 39, in Belgium 38, in West Germany 30, in Denmark repayment must be made within 15 years no matter what). Unless they were well off mature students would have to self-finance themselves through their course since they would receive neither a loan or a grant.

Students with disabilities would also have problems under a loan scheme. Students with disabilities inevitably incur higher costs than other students whilst studying with their ability to obtain well-paid employment after their graduation restricted. Debts incurred would be difficult to repay and would deter such students from entering higher education.

The Effect of a Loan System

Loans would almost certainly restrict access to higher education to those from poor backgrounds. They would directly discriminate against certain groups such as mature students (normally wealthy and the disabled). It is plainly absurd to argue that more people would be likely to enter higher education if they had a loan rather than a grant. Loans would affect students' choice of subjects when they come to University and would reduce the number of students able to undertake longer courses and courses which are not immediately vocational. Many students would find the enormous repayments difficult to meet. The cost of loans to the nation is too high and the consequences it may have upon the future supply of skilled and educated labour is too dangerous.

How much would a Student Loan cost you?

(figures based on current grant levels assuming that no interest would be charged during the period of study)

A Three Year Course: would mean a loan of £6,400

Repaid over 10 years at 11.5% interest the repayment would amount to £13,800

COST: £115 every month for 10 years

A Five Year Course: would mean a loan of £12,800

Repaid over 15 years at 11.5% interest the repayment would amount to £35,000

COST: £194 every month for 15 years.

Student Grants not enough to live on

For years students, NUS and their parents have known that it is difficult, if not impossible, to meet all living expenses from the student grant. Now after prodding the Department of Education and Science has admitted the truth. A House of Commons Committee (the Education, Science and Arts Committee) undertook a report on the maintenance element of the Maintenance Award in 1986. Its conclusions are that the current grant is not enough to live on. Before we look at some of the other evidence presented to the committee which indicated how the grant system has sunk in the last seven years.

Almost all of those who give evidence to the committee agreed on one thing: the value of the student grant has fallen sharply in recent years and that student costs had risen more sharply than the general rate of inflation. These two incentives have caused students increasing difficulties and hardship and is having an effect on students' educational achievements. NUS estimates that from 1979 to 1985 it took one year to meet the creeping of travel costs and the shortage of welfare benefits to students that the student grant has lost 20 per cent of its real value. Students in 1986 have one £18 less money than their counterparts did in 1979. The Department of Education and Science themselves admitted to a real drop in the value of the student grant of 34.9 per cent from 1978 to 1986 and they deliberately did not take into account benefit changes and travel costs.

Although the value of grants has fallen the cost of living has dramatically increased. The national average had an increase of 1979 to 1986 to 73 per cent and the cost of private accommodation (again the national average) has risen by 121 per cent over the same period. A study of student expenditure patterns by NUS has revealed how students have been finding the

additional money to cover housing and travel costs within a shrinking grant - they have been cutting back. Students were spending 95 per cent less on food than they would need to keep up with a simple diet that the Minimum Department of Health and Social Security standards. The cost of meeting that £115 diet is £4.47 per week. Students spend an average of only 40.80p per week on food.

The last time the grants system was thoroughly reviewed was in 1966 when the government set up an Advisory Panel on Student Maintenance Grants chaired by Professor A. E. Brown and known as the Brown Committee. That committee broke the maintenance award down into its constituent parts to cover accommodation, books, equipment and materials, vacation element, travel, pocket money, clothing, laundry and dry cleaning.

The modern maintenance grant is not broken down into parts, in fact some of the national figures already listed are just averages - almost more than the total grant itself. It is however possible to construct some kind of breakdown of today's grant in figures.

Accommodation and food £1,670.98, books, equipment and materials £257.00, vacation element £234.48, travel £109.00 of travel was reimbursed, pocket money, clothing, laundry, dry cleaning £114.00 - total £1,981.96.

If the student award was to be returned to its 1979/80 value then a new grant would need to look like this:
Accommodation and food £1,211.98, books, equip- ment and materials £300.43, vacation element £226.40, travel £112.00 (6.64), pocket money £206.42 and clothing, laundry and dry cleaning £91.57 (55.5) - total £2,287.28 (7.1) percentage increase necessary at 16.5%.

So means that not only has the grant reduced in value, Students have also seen recent moves to reduce their entitlement to wel-

fare benefits even though most students are now living below the poverty line - which should mean that in assistance. In June 1985 the government announced that students should look for support through the grants system, not the supplementary benefit system. Since then the following changes have taken place:

Full-time students can no longer claim an unemployment or supplementary benefit in the short vacation.

Students can no longer claim housing benefit for university or polytechnic properties.

With effect from summer 1987 housing benefit entitlement is to be restricted to those coming from the private rented sector.

For the purposes of supplementary benefit students with no grant are now treated as if they had full grants. This also applies to those claiming student housing benefit.

When the government undertook this review they admitted "we were not underestimating the effect of this; it would require a complete overhaul of the student grant provision to the housing costs. This change to the grant system will need to be set against the considerable simplification that would follow for the administration of housing assistance."

What happened to this overhaul of the grants system? Last year 1986/7 the government announced a £40.00 flat rate increase of the maintenance award. Some overhead. This compensation was inadequate and entirely unconnected to real housing costs incurred.

The Education, Science and Arts Committee accepted that the awards system "will continue to be essential in the years ahead if material requirements are to be met" and recommended that the Department of Education and Science should "return to the previous practice of attempting to make a correct assessment of student maintenance costs." They concluded that "there is an urgent need for increases in 1987/88, in student awards." They also recommended "that students should



They're trying to make education so expensive that our parents will force us to learn.

be increased above the general level of prices and the level of awards appropriate to the costs which students incur."

This report is an important addition to the fast growing body of evidence highlighting that the current awards system is beginning to fail those who it was set up to assist. Some claim that this inflated deficit is a deliberate attempt to make it clear that student grants are unworkable and

encourage a shift of attitude that favours student loans. Others would make the point that government education policy, particularly that in the entire higher education sector, has been to cut spending, regardless of the effect upon the future manpower needs of the nation, and that to sacrifice any attempt to a set of ad hoc compromises would be to compound the government on having more evidence that it has demonstrably

Leeds University Union and Leeds Polytechnic Students Union

NATIONAL DEMONSTRATION

NO TO LOANS - YES TO GRANTS

SATURDAY, FEBRUARY 21, 1987 Coach Tickets £2.00

Tickets on Sale: University Union, Executive Office and Union Foyer lunch times. Polytechnic Union Info Point, City Site, Beryl's office, Becketts Park

Coach leaves Parkinson Steps, 7.00am and Becketts Park/City Site 7.30am

JOIN STUDENTS FROM ALL OVER THE COUNTRY TO CAMPAIGN FOR HIGHER GRANTS AND NO LOANS