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# STATES OF JERSEY



## HIGHER EDUCATION FUNDING

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Presented to the States on 10th May 2016  
by the Minister for Education

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STATES GREFFE



# Higher Education Funding

April 2016

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# Foreword

This report does three things; it identifies where we are now, what we have considered and what the future may hold.

It also provides a great deal of detail to allow students and parents a clearer view of how the current system works.

What is clear is there is no immediate answer for those parents hoping to find a solution to the current financial pressures they are experiencing. But we will continue to explore ideas.

At this moment we find ourselves affected by circumstances beyond our control in UK higher education as well as having to address the funding of the States strategic priorities. Things may change.

Our desire is still to provide as much access for anyone wishing to experience higher education, within those constraints.

We have focused on 5 areas explored in more detail in the report.

The public consultations we provided were warmly received and gave everyone a greater appreciation of the problems being felt from the perspectives of students, parents and the department alike. People recognised and accepted that the burden should be shared between students, parents and the Taxpayers.

The issues are complex, and no new solutions were discovered during those consultations but we will continue to meet, when appropriate, to openly discuss and share our findings.

In simple terms we have around five hundred students leaving education every year at age 18 who are looking to go to university. A third of those receive a full student grant, a third partial support and a third look to their own resources. There are also students who receive a bursary for studying a Masters degree or beyond.

One student recently wrote; "I would not have been in a position to study towards this degree had I not received the funding, and my plans for further education would have been forestalled for at least several years. Having funding from Jersey has given me a lot of confidence in the Island's commitment to supporting the studies of its young people."

We will continue to explore options to invest in our children's futures for the benefit of their education and the island's economy.

**Deputy Rod Bryans**  
**Education Minister**

## This report

This report sets out the problem Jersey is facing in respect of higher education, it looks at the current system and the options being considered to ease the financial pressure on families and ensure the Island continues to generate its own graduate workforce. The report provides a stimulus for further debate on the ongoing issues, particularly relating to funding for UK university courses, and the possible alternatives for young Jersey people who want to continue studying after they leave school at 18 but cannot afford to attend a UK university.

## The problem

The number of Jersey students going to university has started to decline at a time when the demand for a graduate workforce is higher than it has ever been before.

More than 82% of new jobs now being created in western economies ask for a degree-level education. Skilled people who can help businesses grow, innovate and improve productivity are in high demand in all sectors of the Island's economy.

Our young people have strong A-level results and the ability to study at a higher level. But while they may have the entry qualifications, some do not have the financial resources they need to go to university. The problem is a financial one. The majority of our young people (about 95%) opt for higher education in the UK, one of the most expensive places to study in Europe. Tuition fees and living costs have risen to the point where an average three-year degree is now likely to cost in the region of £60,000. Several families and students tell us that this is simply unaffordable and puts a university education out of their reach.

Many parents see a full student loan, similar to the UK model, as the solution, while students have told us that this high level of debt would be a deterrent. Despite ongoing negotiations with the UK Student Loan Company and investigations by the Education Department, Treasury and financial institutions, it has not been possible to find a viable, affordable scheme of this kind for Jersey.

While work continues to address this issue, the Island needs to look at other, more creative ways to ensure its young people can continue learning and gain the higher skills and training on island that they need to take up places in Jersey businesses. It needs to look towards other jurisdictions and other methods of delivery, particularly as the digital sector is strengthened. There also needs to be a strong and ongoing dialogue with employers in all sectors.

A well-trained graduate workforce developed from within the existing population brings rewards for the entire community, reducing the need to import adequately qualified staff and enhancing the Island's ability to meet the economic and social challenges it faces. High level, high quality training also brings significant benefits to the people who undertake it, including higher wages, better career prospects and more life choices.

## Student numbers

In the 1960s only 10% of Jersey students went to university. This rose to more than 45% in recent years but numbers have now started to decline. There is an annual variation depending on the number of young people in the cohort in a particular year, the number taking gap years and the number of courses exceeding 3 years. Even taking this into account, there is now a reduction in the number of Jersey undergraduates, particularly since the increase in UK fees.

### Higher education numbers (only individuals registered with Student Finance)

Year	Jersey	UK	Other
2006-2007	158	1375	5
2007-2008	95	1328	4
2008-2009	35	1286	17
2009-2010	32	1252	23
2010-2011	78	1196	30
2011-2012	118	1196	24
2012-2013	130	1201	38
2013-2014	161	1137	32
2014-2015	146	990	34
2015-2016	155	948	30

### Students receiving a States grant (all years):

2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
999	1000	1025	1052	1035	896

The Education Department's Student Finance team only have records for the students they fund or who register with them. Other students apply directly to universities, particularly if their income is likely to mean they are not eligible for States funding. Cross-referencing statistics with UCAS, the University Central Admission System, gives a more precise picture. UCAS records students by the domicile they declare. This shows a drop in numbers in the past three academic years.

### Jersey students who accepted a place through UCAS (first years only)

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
505	490	480	455	470	480	470	410	390	405

## Funding

Major changes imposed by UK governments have affected Jersey students and made a university education less affordable for many and unaffordable for some. A more commercial approach to higher education saw average tuition fees increase to £9,000 in 2012. Degrees remained accessible to UK undergraduates because of the student loan, which is not available to our students, despite repeated requests. This is because the UK student loans are underwritten by UK taxpayers; Jersey students have been denied access because the Island does not contribute to the UK exchequer.

Jersey has continued to operate a means-tested Student Grant scheme, which has two elements; tuition fee and living expenses.

However, in the UK, higher education funding (and 16+ further education funding at Highlands) is separate from the overall education budget for schools whereas the Jersey budget is inclusive. This means that higher education inevitably loses out in budgets because the Education Department always has to fund its essential frontline services in primary and secondary schools.

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Total paid by States (fees and maintenance)	£7.8m	£8.2m	£8.1m	£8.7m	£8.8m	£7.8m

The States contribution to higher education funding has remained relatively static, which means families have had to bear a higher proportion of the cost. In 2001-2002 the States contributed 64% of the funds required for university education. The figure is now 47%.

Whilst there have been political recognition of the desire to raise income thresholds and the amount of grant funding in the past, expenditure has had to be directed towards the States strategic priorities

The additional revenue funding Education has received is needed to provide school places for the extra pupils in the system; the Reception cohort for September 2016 will be the largest on record, with 913 students. It is also being prioritised for raising standards in schools, particularly for underachieving children.



## Who should pay?

Higher education is optional and the funding has customarily been seen as a three-way partnership. Responsibility primarily lies with the young adults who benefit from the courses together their families. The States make a contribution if appropriate, providing assistance through a discretionary, means-tested grant scheme.

Higher education responsibilities	
<b>Student</b>	Significant personal gain including enhanced job prospects and higher earnings throughout career. Expected to pay first £1,500 a year towards fees.
<b>Parents</b>	Supporting children to achieve their aspirations through optional education to become independent earners. Contribution based on household income.
<b>States</b>	Ensuring the workforce is highly skilled so that businesses are competitive and the economy is successful.

The allocation of the States funding is not dependent on a student's future plans and whether or not they intend to return to Jersey to work. Research by Student Finance shows that approximately 50% of Jersey graduates have returned to the island within ten years of completing their studies. This table shows the return rate by Social Security payments.

Year	Number of Graduates	Number of Graduates paying contributions in									
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
2006	435	309	300	288	268	269	259	249	249	243	236
2007	443		304	324	300	271	266	260	259	255	254
2008	439			319	294	285	263	251	236	219	211
2009	443				296	279	279	262	253	241	229
2010	425					260	270	243	236	231	225
2011	372						219	224	212	208	195
2012	397							223	239	242	228
2013	418								229	261	241

## Student Grants

The States funding is means-tested so that it can be targeted to help lower income families who are least able to afford higher education. Jersey student grants have been of great assistance to many young people, opening the door to higher education for many who would not have been able to attend without this financial support. The general principles that underpin the system have been:

- Students should be free to study the subject of their choice.
- Financial considerations should not prevent a student from attending university if they are academically able to do so.

Clearly the second principle has been overturned by the rising cost of UK university courses. Also, it is acknowledged that the existing maintenance grant of £5,500 is too low to meet the real cost of living expenses, which are in the region of £10,000 a year.

## Calculation method

**Eligibility:** 5 years residency required or 12 months if you are 'Entitled'.

**Student contribution:** £1,500 a year towards fees. This is available through a Jersey student loan repayable over five years starting a year after end of course and at 1% above base rate.

**Independent status:** A student is generally regarded as independent once they reach the age of 25 and is assessed for a grant in their own right, or there are other special circumstances as set out in the rules and regulations.

### We consider:

- Gross household income in the previous financial year (verified by the Tax Office)
- Other siblings at university
- Divorce agreements
- Maintenance payments
- Assets above a certain level
- Profits of sole traders or company holdings
- Exceptional circumstances
- Assistance for disabled students
- Length and type of course e.g. clinical years for medicine and vet courses

### Income bands:

- **£26,750** or below = All tuition fees paid above £1,500 and full grant of £5,500
- **£53,900** = Tuition fees paid but no grant
- **£90,950** or above = Generally no States funding for tuition fees or grant

**Tax relief:** Tax available relief on fees paid is **£1,200 to £2,340**.

More information on the current criteria and eligibility at:  
[www.gov.je/benefits/grants/education](http://www.gov.je/benefits/grants/education)

## The Jersey student loan

A Jersey student loan scheme was introduced in September 2007 and offers students a maximum of £1,500 per year with interest at one per cent above base rate. Repayments begin one year after graduation and take place over five years, irrespective of the graduate's income. The loan was initially provided in partnership with three local clearing banks and is guaranteed by the States of Jersey.

The first repayments under this scheme commenced in 2012 so the first debts will be cleared in 2017. The level of defaults has been small so far because the scheme is still in its early stages but could reach an estimated £275,000 a year.

Uptake of the Jersey student loan was initially low at about 30% but has increased recently, and 884 students are currently using it, with a total of £2.7 million lent out. The maximum States liability will be £8.9 million. Two of the three banks that originally offered the loan have now withdrawn, citing the lack of profitability and the administrative costs as the reasons. The remaining provider, is currently reviewing the financial sustainability of the scheme.

Dialogue has been ongoing with other financial institutions and the Association of Jersey Banks but the student loan is increasingly expensive and an unattractive product for banks to provide. The Jersey loan is tailor-made for what is an extremely small market and client base. It can only attract 450-500 new customers a year compared to about 650,000 students a year who join the UK scheme. Even though the capital is underwritten by the States, the potential admin costs means there is little business incentive for other banks to create their own student loan for Jersey or extend the existing one.

### Extend current scheme?

The current student loan is regarded by many families as too small to make a significant impact on costs. Banks have been approached to increase the size of the loan but have shown little appetite for any significant increase. The current provider has indicated that it may be possible to increase the amount from £1,500 to £2,500 a year. They would, however, also require other banks to participate in order to spread the overhead costs involved.

Sums larger than £2,500 would become difficult for graduates to repay under the current five-year arrangements and banks are reluctant to extend the pay-back period.

The financial exposure of the States could increase to around £20 million if the loan is increased to £2,500. This would remain comfortably within the borrowing limit set by Article 21(3) of the Public Finances (Jersey) Law 2005.

This option could be explored further and additional banks in the Island could be encouraged to offer this scheme.

In the 2014-15 academic year there were:

**1,170**

Jersey students  
at university

**£8.86 million**

in the States  
higher education  
budget

# What we have considered

- a. Student loan scheme
- b. Parents' saving scheme
- c. Redistribution of current States funding
- d. Expansion of Campus Jersey
- e. Closer links with universities in Europe

## a: Student loans

Under current circumstances there is no affordable way for Jersey to have a full student loan scheme similar to the UK's.

On the basis of an average cohort of 500 first year students, a loan that covers both fees and living expenses would result in a liability for the States of approximately **£700 million** once it is fully established. A loan to cover only tuition fees would require a total of £345 million. (Both calculations are based on a loan of £9,000 a year repayable over 25 years at 5% interest rate.)

Although many parents see a loan as a solution to the cash-flow problems they face when sending a child, or sometimes two or more, to university, it is not possible to fund a loan of this magnitude under current financial laws and regulations. The current financial pressures, unprecedented in the Island's history, also mean that a full student loan would expose the Island to an unacceptable level of debt and financial risk.

This has been investigated at length and is explained in more detail here.

### The UK example

A loan scheme is desirable because it means the funding of university education becomes the direct responsibility of the adult student who benefits from it, rather than their parents or the government.

However, concerns have been growing in the UK about the soaring cost of UK student loans, which the Institute for Fiscal Studies say would leave graduates making repayments well into their 50s. The student loan debt in the UK is currently £65 billion and is expected to reach £330 billion by 2044. Defaults and repayments have been a major problem. The UK Treasury previously estimated that it would have to write off 45p in every pound. They have recently revised their forecast to 25p in every pound following a decision to give the Student Loans Company greater power to pursue borrowers.

Jersey's Education Department, in partnership with the other Crown Dependencies, have made numerous requests over many years through the Department for Business, Innovation and Skills (and its predecessors) to join the UK student loan scheme. All have been rejected.

As non UK taxpayers, Jersey residents have not contributed to underwriting the scheme and are therefore not eligible to benefit. (The UK Students Loans Company recently accepted some Island students in error and then asked them to repay the funds borrowed at short notice.)

The advantage of a full student loan scheme is that it would remove the need for the States to provide a grant scheme, freeing approximately £9 million annual expenditure for use elsewhere in the education system or public sector. However, the expenditure required to meet loan defaults would still require significant States funds. With a default rate of 30%, this could be in the region of £4.2 million a year for the fees-only loan scheme – equivalent to half the current higher education budget.

## A Jersey guarantee: The obstacles

A student loan system would require a guarantee, either from parents, students or the States. Around 30% of higher education students currently receive full grants because their income is less than £26,750. It is unlikely that these families could provide a sufficient guarantee for the banks. Even if a family could guarantee a loan against their property, it would be highly undesirable for the States to have to repossess a family home in the event of a default. This would be at odds with the government's stance on property in the new Long Term Care payment system.

It would therefore be necessary for the States to underwrite some of the student loan, if not all.

### States borrowing limits

Any guarantee by the States would have to satisfy existing requirements under the law. Article 21(3) of the Public Finances (Jersey) Law 2005 sets a limit on States borrowing as follows:

“The States shall not authorize any borrowing if it would permit the total amount borrowed by the States at that time to exceed an amount equal to the estimated income of the States derived from taxation during the previous financial year.”

In 2014 the income of the States derived from taxation was £608.9 million. The States are currently exposed to borrowing obligations of £250 million in respect of the housing bond, £7 million for finance lease obligations, £14.9 million for the Jersey New Waterworks Company, £2 million for a small firms' loan guarantee and £2.6 million in relation to the current student loan guarantees. This means the maximum borrowing limit available to the States for student loans or to provide guarantees is £332.4 million, which is not enough to fund a full student fees only loan system and would eliminate the States' ability to provide guarantees or funding for other schemes.

### Using the Strategic Reserve

The question arose during Higher Education workshops of whether it would be possible for the States to borrow against the £700 million in the Strategic Reserve to underwrite a scheme administered by a commercial bank or the Community Savings Bank.

The Strategic reserve is a permanent reserve, where the capital value is to be used in exceptional circumstances to insulate the Island's economy from severe structural decline such as the sudden collapse of a major Island industry or from major natural disaster.

Clearly, the use of the Strategic Reserve for a student loan does not adequately meet this objective and would severely affect the Island's ability to deal with financial uncertainty. The arguments against a student loan scheme are:

- The States is not a bank and is not equipped to carry out a large loans scheme.

- The “high street” banks have been reluctant to pursue bespoke schemes without the approval of their parent banks – their preference is for “off the shelf” schemes – which are available in any case if borrowers meet the relevant criteria.
- Whilst Community Savings and Credit would administer a scheme provided they were paid to do so the States would be required to carry the risk.
- Unless a significant level of debt (either direct or guaranteed by the States) is carried then repayments for larger loans quickly become unaffordable.

The costs of administration and debt recovery would be considerable whether a student loan were to be run by the States or a commercial financial institution. It would mean public funds would have to be diverted from other services and would effectively be used to subsidise a private banking operation.

Indications are that tuition fees are likely to increase over the next few years, at least in line with inflation. Living costs will also rise and this will increase the States’ exposure under any guarantee scheme, a position undesirable for the island as a whole.

## **The student’s view**

In a full loan system, students would leave college with debt of more than £60,000 in some cases. This is likely to impact on their credit rating and ability to raise further funds for a mortgage, accommodation guarantees or loans for major items of expenditure in future.

The issue of defaults could be even more problematic for a Jersey scheme than it is for the UK, where the government has identified 123,000 borrowers who have gone to live overseas after finishing their studies to avoid repaying their student loan.

A recent analysis of Social Security contributions has shown that 24% of the 412 people who graduated outside Jersey in 2010 have not worked in the Island since then. Just over half were here last year and 25% returned initially then left in 2015. There is some return for the investment in higher education funding.

However, a Jersey-based student loan scheme could deter a young graduate who might be considering returning to the Island. They could avoid debt repayment by remaining in the UK or overseas. This would further deplete the pool of home-grown graduates in the island’s workforce – precisely the opposite effect to what is desired.

## **The future**

The current status of the UK student loan and Jersey’s relationship to it are the result of policy decisions by England’s government. These can, of course, change from administration to administration. Education monitors the developments and negotiations are therefore ongoing. These have usually taken place at officer level but consideration is currently being given to the possibility of sending a high-level delegation from the three Crown Dependencies, including all three Chief Ministers, to raise the issue at a political level.



## Student loan: Implications

<b>Student</b>	Make higher education accessible to all irrespective of family circumstances. Ends reliance on parents. Incurs major debt circa £60,000, with potential impact on future credit rating.
<b>Parents</b>	No longer responsible for higher education costs.
<b>States</b>	Major impact on all sectors of public because of pressure on States budgets, increasing financial burden each year, significant cost of administration and debt write-off or recovery. Only benefits a small percent of the population. Students deterred from returning to Jersey.

## b: Parents' saving scheme

Options for a parents' savings scheme have been explored that spread the cost of paying for university across 17 years in order to make it more affordable.

This would involve saving for seven years before a student starts university. Once they move to higher education, they could withdraw the amount required for their fees and expenses from a central fund, creating a debt that would be repaid during the seven years after graduation. The theory is that new cohorts starting saving would provide the funds for the group entering university and the scheme would eventually become self-sustaining.

Student at school - Years 7 to 13	At university	In employment
Parents deposit into central fund	Funds withdrawn	Balance repaid over 7 years

A substantial initial investment would be required from the States otherwise the scheme could not start for seven years or until sufficient funds had been saved by parents and students paying in to the scheme.

The scheme would be a complex undertaking and the States would need a licence to operate and hold and regulate such funds. It is questionable whether the government should hold money from members of the public. Commercial banks already exist for precisely this purpose and it would be preferable to work with an existing financial organisation that has the necessary expertise and systems.

- The scheme would have to be optional and might be unaffordable for many families who have lower incomes or high expenditure.
- Administration costs could be significant because of the complexity; families would save at different rates at different times according to their particular circumstances. The scheme is therefore unpredictable.
- The scheme relies on future generations of savers joining.
- Parents would need to be incentivised to do this and there is no reason why they cannot simply invest for themselves.
- There would still be a high risk of defaults.

Parents at the higher education workshops said they would welcome more communication at an early stage in a student's life about the costs of higher education. There was some support for this proposal, particularly if it attracted tax relief.

## Savings scheme: Implications

<b>Student</b>	Debt to pay off after graduation but less than a full loan
<b>Parents</b>	Assists with planning for higher education, Not available for seven years, partial solution
<b>States</b>	Could use commercial partner. Unpredictable in terms of uptake and saving levels. Significant underwriting required. Slight loss of income through reduced tax revenue.

## c: Redistribution of current funds

The current Student Finance system has not changed significantly in more than 15 years. It is based on the principle that the available funds should be targeted towards those most in need of assistance and that those who can afford to pay should do so.

The income thresholds have not been increased since 2001 so the balance of payments between families and the States has shifted away from the latter, which now meets 47% of the cost compared with 64% in 2001.

If the minimum income threshold had increased in line with RPI it would have been at £43,974 in 2014. Each increase of £5,000 in the income thresholds would cost approximately **£591,000 p.a** which equates to an additional £2m p.a to raise thresholds to this level.

Some adjustments have been made to make the scheme more equitable and provide extra support in the absence of additional States funding:

2007	Introduction of Jersey student loan of £1,500 per annum.
2010-14	Increase of £100 per year in the annual maintenance grant.
2012	Change from parental to household income for assessment.
2014	Reduction in the allowance for worldwide assets from £750,000 to £500,000.

It is highly unlikely that the States will be in a position to allocate substantial additional funding to higher education in the near future and this will certainly not happen within the current MTFP, which covers 2016 to 2019, because funding priorities have already been set.

However, a number of potential changes to the existing scheme have been considered in an effort to provide a more equitable or efficient student finance system without exceeding the current budget. It has been assumed that the funds raised from any adjustments to the scheme would be reallocated to students and not reinvested elsewhere in the States or taken as a saving.

All figures used are based on the most recent cohort in 2015/2016 and are therefore estimates.

## **1. Convert all grants to loans**

In theory, converting the current grants to loans would enable the states to 'recycle' money to assist other students in future. Loans would be repayable – unlike grants.

Putting aside the problems already identified in establishing a States loan scheme of any magnitude, this proposal would only provide enough funding for around a third of our higher education students.

The higher education budget was £8.9 million in 2014-15, but the real cost of tuition and maintenance fees is an estimated £26.7 million a year. It would therefore only be feasible if an extra £17.6 million were added to the Education Department budget every year.

The financial limitations mean two thirds of applicants would have to fund their own university education. This helps fewer students than the current grant system, in which about a third receive a full grant, a third have some States assistance and only one third have to be entirely self-sufficient.

## **2. Flat rate grant for all students**

Each applicant could be given an equal amount of funding from the existing budget as the States contribution towards their university education. Based on current figures this would equate to £5,500 to £6,000 a year per student. This approach would simplify the grant system considerably. It also removes link between parents' earnings and the activities of their adult children.

Some families who currently receive limited or no financial help would benefit from a flat-rate grant and would be in a position to meet the additional costs of a university course. It also means high income families receive States funding irrespective of their level of wealth. The negative impact would be greatest on students from less affluent families that do not have the financial means to fund the shortfall in tuition fees or living expenses. Students from low income families who are currently supported through university would no longer have the necessary funds to attend.

## **3. School fees as a minimum contribution**

If families who pay school fees for their child's education could be asked to contribute at least this amount to the costs of higher education. A number of parents who have opted for fee-paying secondary school have subsequently qualified to receive some or all of the Student Finance grant. Their prior expenditure suggests they are in a financial position to contribute.

This would have to take account of students who receive a scholarship/bursary at school (estimated to be up to 10%) and of changed financial circumstances, including grandparents'/relatives' contributions to school fees. This change could result in a saving of up to £245,000 a year, which could be redistributed.

#### **4. Worldwide assets threshold reduced from £500,000 to £200,000**

A parent or applicant (in the case of an independent) can currently have assets other than their primary residence up to the value of £500,000 before they are automatically classified as maximum contributors. This threshold is high, especially as it excludes the primary residence, because it could include other houses, holiday homes, works of art/antiques, boats, cash, shares, company balance sheets, bank/building society accounts and bonds.

This would require a change in the assessment process, including greater disclosure of financial details and closer scrutiny of a families' lifestyles to see if they are consistent with the income/assets declared. The saving has not been quantified.

#### **5. Value of primary residence**

At the moment the value of a family's home is not taken into account in the financial assessment when they apply for a States grant. In previous consultations this has been highlighted as an inequity; if their incomes are the same, a family living in rental accommodation could qualify for the same financial assistance as a family living in a property worth £1 million or more. It has been argued that a family with investment in a substantial property of over £1 million should pay for all of their child's university costs. This may require parents to remortgage their family home and is only beneficial if the funds saved could be diverted to families most in need to financial help.

#### **6. All medical, veterinary and dentistry fees to be means-tested**

The States pays the additional fees for these long courses, as they are generally charged at international fees, which are unaffordable for many. However, at the most recent higher education workshop several parents felt that this was unfair and if the parent can afford to pay they should. It is estimated that means-testing all fees could generate £98,800 a year to be redistributed.

#### **7. Reduce local maintenance grants to the rate of Income Support**

The maintenance grant of £5,500 a year is currently the same for students studying in Jersey as it is for those studying in the UK or abroad. The grant could be reduced to the rate that dependant students would receive if they were in receipt of Jersey Income Support ie. £92.96 a week or £2,975 a year for a 32-week course. Students may have to seek employment during the holidays. The rate for an independent student would remain the same as for those going to the UK.

This would result in a saving per dependant student of up to £2,525 or approximately £130,000 to £180,000 a year (based on current student numbers).

## 8. Increase the allowance for second/third child

If two or more students from the same family attend university at the same time, this is taken into account when Student Finance calculate the level of grant they are eligible for. The family's income is assumed to be far less. However, families whose children are three academic years apart receive no allowance for the second child. Parents at the higher education workshops felt this was not equitable.

For example, a family with two children at university at the same time with an income of £60,000 could receive £12,000 more than a similar family whose children's university education does not overlap.

Extending the second child allowance could help alleviate the financial pressure on families but it would cost an estimated £73,000 a year for each £1000 step

## 9. Reduce grant for off-island courses that are available here

An Arts Foundation course is offered at Highlands for a £95 tuition fee but students are also funded to do this off island at a cost of £9,000 a year. If off island study for courses available in Jersey were not funded, the saving would be £28,000 in this case (there are currently five students). The principle could be extended to other subjects and could yield an estimated saving of up to £50,000 a year in tuition fees. This figure is low because few courses are directly comparable.

Redistribution: Implications	
<b>Student</b>	No fundamental change. Full costs of university will not be met (as now). Less students unable to go, on-island study becomes less attractive in some cases
<b>Parents</b>	Some will benefit but some will receive less States funding, no significant change in financial pressure for many.
<b>States</b>	Cost-neutral, systems already established, slightly more equitable distribution.

## **d: Expansion of Campus Jersey**

The need for on-island degree courses was recognised as long ago as 1995, when Highlands College provided a PGCE course through Southampton University to train local teachers. The first full degree, Joint Social Science, was run there in 2001. The initial purpose was to cater for mature learners who had family or financial commitments that prevented them from leaving the island to study.

Other organisations now provide higher education. There is effectively a campus across Jersey of individual providers and there is scope to unify and expand this. Studying on Island has become increasingly popular, including with Jersey school-leavers directly after completing their A-levels or equivalent.

In 2004 there were 57 local people studying degrees at Highlands. Last year an estimated 504 individuals were studying in Jersey for higher education qualifications at various institutions. Many more local firms are now providing in-house training and the creation of a new Education Business Partnership in 2016 will help to develop links and opportunities.

### **University College Jersey (UCJ) at Highlands College**

Highlands College – recently rebranded as University College Jersey (UCJ) - has pursued an active policy of expanding its higher education provision. It has done this specifically in areas of direct relevance to the Jersey jobs market and in line with the aspirations of the States strategic plans, which have recognised the need for Jersey to develop high level skills within its workforce.

Highlands' courses have been developed in consultation with industry representatives to ensure they helped to provide the skills required by employers. There are now 13 courses covering every major sector except hospitality, but Highlands is working with Trackers to provide a new Level 4 programme in this area for next year.

As a consequence of the close collaboration with business, employment rates on graduation from Highlands degrees are high; last summer 100% of business students who were seeking employment found work at the end of their course.

### **Open University**

The well-known distance learning provider delivers a wide range of course but the number of Jersey people registering has fallen significantly, probably as a result of OU fee increases which moved Jersey students to the 'overseas' category. From a high of 428 in 2004, it has declined to 120 in the academic year 2014/15. Nevertheless, the OU continues to serve the higher education needs of a significant number of Jersey people.

### **Jersey International Centre of Advanced Studies (JICAS)**

This provider has evolved from a proposal by a group of private individuals to create a University Of Jersey. Since autumn 2014, JICAS has operated as a non-profit institution aimed at creating and developing niche postgraduate degrees that highlight Jersey's strengths. It is also fostering Jersey's post-graduate environment and aims to establish research that will improve Jersey's standing within the international academic community. JICAS has staged a series of lectures, seminars and events.



## Higher education courses in Jersey March 2016

	Organisation	Course	Mode	Length	University
1	University College Jersey, Highlands	Architectural Technology BSc (Hons)	Part time	2 years	London South Bank
2		Art & Design – Foundation course	Full time	1 year	Plymouth
3		Business & Management FdA	Full time	2 years	Plymouth
4		Business & Management BA (Hons)	Full time	1 year	Plymouth
5		Childhood Studies FdA	Full time	2 years	Plymouth
6		Childhood Studies BA	Full or part time	1 or 2 years	Plymouth
7		Construction Management BSc (Hons)	Part time	2 years	London South Bank
8		Financial Services FdA	Full time	2 years	Plymouth
9		Financial Services BA (Hons)	Full time	1 year	Plymouth
10		Human Resources MSc	Part time	2 years	London South Bank
11		Information Technology for Business FdSc	Full time	2 years	Plymouth
12		Social Sciences BSc (Hons)	Full time	3 years	Plymouth
13		Sport & Management FdA	Full time	2 years	Plymouth
14		Sport & Management BA (Hons)	Full time	1 years	Plymouth
15	Health & Social Services Department	Bachelor of Nursing-Mental Health	Full time	3 years	Chester
16		Bachelor of Nursing-Adult	Full time	3 years	Chester
17		Bachelor of Nursing-Midwifery	Full time	3 years	Chester
18		Bachelor of Nursing-Child	Full time	3 years	Chester
19	Education Department	Jersey Graduate Teacher Training Programme	Full time	1 year	Swiss Cottage Teaching School
20	Jersey International Business School	BSc International Financial Services	Full time	2 year fast track	Buckingham
21	Institute of Law	LLB Bachelor of Laws	Weekends	3 years	London
22	Westminster Theological Centre (Jersey Hub)	BA Kingdom Theology (being phased out)	Part time	6 years	Chester
23	Distance Learning	There are multiple suppliers and courses, each with differing course lengths depending on the applicants			

## **The future of Campus Jersey**

The concept of Campus Jersey could be developed to include all on-island study at level 4 and above. The aim is to raise the profile of on-island study not only with students but also with parents and provide new courses where there is demand.

This is already being explored. The Health and Social Services Department are investigating the feasibility of offering another degree to complement their existing courses in general nursing, midwifery, mental health and theatre nursing. UCJ Highlands is reviewing its foundation degree in Art and Design with a view to replacing this part-time provision with a full-time honours degree in Creative Arts from 2017-18. The Joint Social Science degree might become a Joint Humanities degree in the same year. UCJ is working in close partnership with JICAS to host a lecture series and develop the post-graduate research community.

A joint graduation between all on-island degree providers is being considered for 2017-18 to showcase the achievements of all students. There are wider opportunities for closer collaboration and joint marketing of Campus Jersey.

The principal advantage of expanding Campus Jersey would be to provide a more affordable degree option to Jersey students, making higher level study accessible to a broader range of people and capitalising on the local talent pool to provide skilled employees. Local graduates are more likely to go straight into the local workforce compared with students who study outside the Island. Taking a degree on island does mean, however, that Jersey students are not exposed to the life experiences they would gain from studying in the UK or overseas, or the broader perspective and potential professional contacts.

### **Higher Apprenticeships**

The Education Department's highly successful apprenticeship programme, Trackers, could be used as a model for degree-level and post-graduate level training in future for employees who wish to continue their education and enhance their career prospects. This is currently under consideration.

As well as improving employability and skill levels, there is an obvious benefit for participants of being employed while they study.

These apprenticeships would be delivered on-island via e-learning, traditional means or both. They could be open to non-residentially qualified as well as residentially entitled students if they are employed by island-based companies for the period of their apprenticeship. Numbers are likely to be low but widening the field to include all employees potentially creates more opportunities and better cost-efficiencies and a wider knowledge base in the cohort.

Trackers and Digital Jersey have had initial discussions about the feasibility of these types of apprenticeships and both sides see it as a positive prospect.

## Blended Learning

Jersey could make greater use of Blended Learning, in which students follow a formal education programme and learn via online resources, traditional classroom sessions or a combination. The key point is that there is some element of student control over time, place, path or pace. It is not a new idea, it has been around since 1999 when it was first introduced in America and it is widely used there in High school and colleges. This could be used as part of solution to the rising costs of Higher Education with a site(s) on island as the bricks and mortar facility.

This US model provides personalised, flexible learning, with six possible versions:

- **Face to face driver:** Lecturer drives the instruction and supplements with digital tools.
- **Rotation:** Students rotate on a fixed schedule between self-paced online learning and sitting in a classroom with a lecturer.
- **Flex:** Majority of curriculum is delivered online and lecturers are available for face to face instruction and support
- **Online Labs:** All of the curriculum is delivered online in a fixed school/college type location
- **Self-blend:** Students supplement their traditional learning with online course work
- **Online driver:** All of the curriculum is remotely online with available/mandatory teacher check-ins.

The costs of blended learning degrees are likely to be lower than traditional degrees and the method of delivery means digital skills are highlighted. These courses would support the Island's attempts to position itself as leading digital destination.

Campus Jersey: Implications	
<b>Student</b>	Cheaper than UK course, strong job prospects, less disruption, support available from family and friends
<b>Parents</b>	Cheaper than UK course, close contact with child, ability to provide support
<b>States</b>	Reliable source of local graduates, high retention rate in local workforce, reduced maintenance costs

## e: Universities in Europe

The majority of Jersey students choose to study in the UK. A small number go to universities in other countries. There is scope to increase this number, particularly within the EU where tuition fees are generally cheaper than for universities in England. The UK referendum on EU membership could have implications for this option if the nation votes to leave. Further clarification will be required.

### Jersey students 2014-15

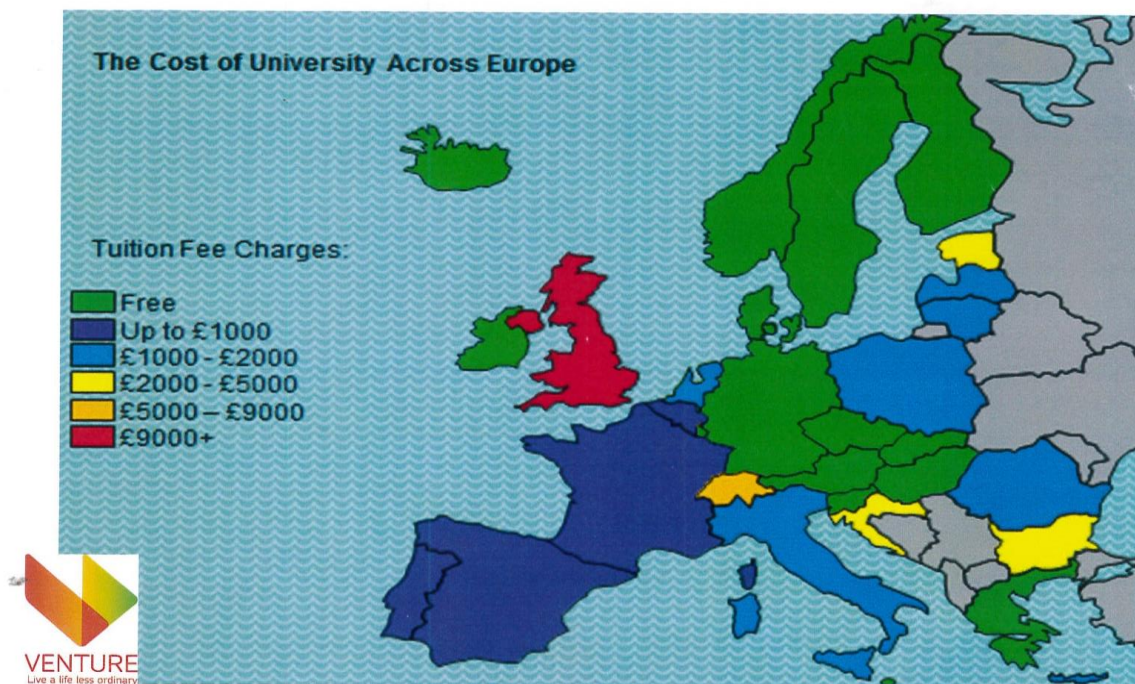
Location	Number
Jersey (Highlands)	154
UK	1024
EU	12
USA	8
Australia	8
Other	6
<b>Total</b>	<b>1212</b>

In 2013, Careers Jersey held a unique event called Horizons, a bespoke higher education fair focussing only on overseas universities. These institutions now take part in the annual higher education fair alongside UK universities, employers and other training providers.

While there is interest, the inability to speak a foreign language can deter students from applying to EU universities. However, many teach in English. Living and studying in an overseas university will inevitably improve a candidate's language ability and their employability. UK employers regard students who have studied abroad as strong candidates. The CBI/Pearson education and skills survey 2013 "Changing the Pace" highlighted the point that over half of UK employers were dissatisfied with the foreign language abilities of UK graduates. In addition to this, 47% of them expressed concern about graduates' lack of cultural awareness.

Discussions have taken place with Caen University and Rennes Fine Art School regarding the possibility of Jersey students going to study there. The close proximity and existing cultural links make this an attractive option. Other universities across Europe have also expressed an interest in Jersey students both because of their academic abilities and the cultural diversity they would bring.

As well as researching opportunities in general across Europe, practical steps can be taken to develop relationships with particular partner universities.



Examples:

## France

France has a unique higher education system. It has 83 public universities and their degrees are accredited centrally by the French government. Students study for a “licence”, which is equivalent to a bachelor’s degree.

There are also highly selective Grande Ecoles, which are regarded as the best French institutes of higher education and are heavily funded by the state, attracting around 30% of the government higher education funding while only educating about 5% of the student population of the country. There are also five private Catholic universities.

**Tuition fees:** Tuition costs vary from institution to institution, ranging from £116 to £700 per term. This cost is the same for French nationals, EU and international students.

**Quality:** Two Parisian institutions are ranked in the top 100 in the world 2014-15

- Ecole Normale Superieurre is ranked 24<sup>th</sup>
- Ecole Polytechnique ranked 35<sup>th</sup>

**Entry:** All students seeking to enter the first year of higher education in France apply directly to the institution via the online post-baccalaureat admission process called Admission Post-Bac (APB).

**Student life:** International students can work while they are studying in France providing their institution is attached to the national student health care plan. Non-EU students are required to have a residency permit. This allows students to work part-time up to 964 hours per year. University residences are managed by regional student service agencies known as CROUS. These residencies for students are located on campus or surrounding areas. Monthly rents vary. Single rooms start from £93 per month. Studio apartments cost from £271 per month.

CNOUS is the French public authority that deals with student welfare, including scholarships and housing. The majority of universities in France have agreements with CROUS to reserve rooms for international students.

## The Netherlands

- Tuition fees: Low, ranging from £1,700-£1,900 per year.
- Language: 1,500 courses taught entirely in English across 14 research universities and 41 universities of applied sciences
- Quality: Six Dutch universities were ranked in the top 100 in the world 2014-15:
- University of Amsterdam is ranked 50th
  - Leiden University is ranked 75th
  - Utrecht University is ranked 80th
  - Delft University of technology is ranked 86th
  - Erasmus University Rotterdam and University of Groningen are jointly ranked 90th.
- Entry: No visa required but students need to register with local council. Applications can be made direct to the university or through Studielink
- Student life: The majority of students do not live on campus. Room rental is expensive for a one bedroom apartment, ranging from £439-£574 per month and the majority of international students pay more for accommodation than their Dutch counterparts.

## Germany

- Tuition fees: None at any of the public funded universities. This applies to both German and international students. However there can be application fees which vary from institution to institution.
- Language: More than 350 higher education providers offering over 14,000 degree courses, 800 of which are taught in English.
- Quality: 13 German universities were ranked in the top 200 in the world 2014-15
- Rupert-Karls-Universitat Heidelberg is ranked 49th
  - Ludwig-Maximilians-Universitat Munchen ranked 52nd
  - Technische Universitat Munchen ranked 54th
- Entry: Students can apply direct to the institution or via the centralised UniAssist system. Germany has a nationwide cap on the number of students that can enrol for medical, pharmaceutical and dentistry courses. EU students are not required to have a visa to study but need to apply for a residence permit from the local registration office. Non EU students are entitled to work for 120 days per year.
- Student life: The majority of universities provide student accommodation, although the most students prefer to live off campus. These do need to be booked in advance as costs are low, making it very competitive. On campus one bedroom costs £155 per month. Students who arrive late without university accommodation tend to live in hostels until they can find shared accommodation. Accommodation costs range from £120-£320 per month.

## New Zealand

New Zealand's education system is based on the British model of education. It has eight universities and 23 polytechnics servicing a population of 4.5 million students.

- Tuition fees:** Each university sets its own tuition fees and they are on a par with, if not more expensive than UK. The cheapest is £9,000 and most expensive is £37,000 for medicine.
- Quality:** The University Of Auckland was ranked 82nd jointly in the world university rankings list for 2015-16 with KU Leuven (Belgium).
- Language:** All English speaking.
- Entry:** Lower than equivalent ranked universities in the UK. International students usually apply direct to the university as there is no centralised system. All Jersey students will require a student visa.
- Student life:** Halls of residence can either be on the university campus or a short walk away, prices start from £91 to £137 per week. Homestay/private board is available, where the student stays with a local family on average this costs £82 per week. Off campus private accommodation ranges from £450 - £624 per month. Studying in New Zealand (and Australia) allows students at undergraduate level to be very flexible with their degree combinations, e.g. marketing alongside psychology or business alongside a language. More than 80% of students indicate that the flexible degree combinations are a major part of the enjoyment of their degree. Students see high value in this and find it helpful when returning to the UK. Flexible degree course options. Cost and distance of travel is a consideration.

## Canada

Canada is on the United Nations top 20 list of best countries in the world to live. The United Nations' 2015 Human Development Report (HDI) assesses countries based on three basic components: life expectancy, education and income/standard of living, Canada is ranked as ninth

- Tuition fees:** Vary from institution to institution depending on the course, the fees for a business course at undergraduate level range from £10,117-£13,705, an engineering course from £10,117-£18,435, a history course from £10,117-£21,742 and physical science course from £10,117-£17,597.
- Quality:** Five Canadian universities were in the top 100 in the world 2014-2015.
- University of Toronto ranked 20th
  - McGill University was ranked 21st
  - University of British Columbia was ranked 43rd
  - Universite de Montreal and University of Alberta were ranked joint 84th
- Language:** As a bilingual country, French and English are both an integral part of the education system.
- Entry:** There is no centralised admissions process so students must apply direct to the university. Applications should be made at least eight months before the terms starts. A student permit is required to study in Canada for six months or longer.
- Student life:** To rent a one bedroom apartment off campus will cost £436-£539 per month. On campus costs range from £4,242 to £5,490 per term for one bedroom.

Once international students graduate they can apply for an open work permit for one year. Whilst studying students can apply for an off campus work permit which enables them to work 20 hours per week during term time. Cost and distance of travel is a consideration.

## USA

A more flexible course structure. In their first year undergraduate students undertake general education, liberal arts or core curriculum studies. It is in their second year that they select a major subject to study. This provides more exposure to a broader range of subjects. The majority of course programs also offer elective courses, which are taken outside the main area of study.

Tuition fees: Expensive. Range from £15,890 to £29,358 depending on course or college.

Quality: More universities in world's top 100 than any other country.

- Massachusetts Institute of Technology (MIT) is currently ranked 1st
- Harvard is ranked 2nd
- Stamford University is joint 3rd with Cambridge University (England)
- California Institute of Technology (Caltech) is 5th

Language: English.

Entry: For entry onto any undergraduate course students are required to do one of two pre-entry tests, either ACT or SAT, which assess students' ability in reading, maths, science, English and essay writing. Students apply directly to the institution and it is advisable to start the process up to 18 months before enrolment. Students require an F1 student visa to study in the US. Students can work for 20 hours per week on campus in term time, off campus is more complicated as students are not permitted to work off campus for the first year. After this they are allowed to get work with government approved international organisations.

Student life: The majority of students will live on campus and this will cost £6,150 at a public university and £6,982 at a private university per year. Renting a 1 bedroom apartment off campus will cost £510-£643 per month. The majority of US higher education institutions, whether private or state run, heavily promote living on campus, particularly in the freshman (first) year. Small campuses are defined as having fewer than 5,000 students. Medium sized campuses have 5,000 to 15,000 students. Large campuses are defined as having 15,000 students or more. Sports also play a massive part within higher education in the US and sports scholarships are available for talented individuals. Cost and distance of travel is a consideration.



<b>EU universities: Implications</b>	
<b>Student</b>	Improved employability, cheaper and easier to fund, opens up worldwide jobs market,
<b>Parents</b>	Cheaper than UK courses
<b>States</b>	Lower costs, broadens graduates' skills base (useful for international finance industry), students may be less likely to return to Jersey,

## The UK position: What does the future hold?

### **Green Paper - Fulfilling our Potential: Teaching Excellence, Social Mobility and Student Choice**

This higher education Green Paper published in November 2015 by the UK government signalled some significant changes to come. It sets out how the proposed Teaching Excellence Framework (TEF) could work if the paper is accepted and a White Paper is subsequently published.

The first tranche of proposed changes will be not have a major impact; they will enable universities that have a successful quality assessment review to increase their fees in line with inflation. However, a series of other changes could be applied in future using different criteria, possibly including university dropout rates, adoption of grade point average and competition requirements.

Also of note is the creation of an Office for Students, (OfS) which will merge the Office for Fair Access (OFFA) and Higher Education Funding Council for England (HEFCE). OFFA currently looks at access arrangements and how universities ensure success for students from disadvantaged backgrounds. HEFCE looks at regulatory issues and essentially acts as the broker between the government and universities, distributing funding for research and encouraging knowledge exchange between institutions. It is currently proposed that the OfS will be funded by the universities themselves. This could have implications for the negotiations over fee status of Jersey students in future.

The paper also talks about allowing more competition in the sector, which could mean new universities are created and existing providers are managed out if they are failing. This mechanism could lead to reduced entry criteria and/or price fluctuations, both of which could affect future confidence in higher education and accessibility for Jersey students.

### **Spending Review - November 2015**

The UK Business, Innovation and Skills (BIS) department, under which universities sit, has had its budget cut from £12.89 billion in 2015/16 to £11.9 billion in 2019/2020. The government is hoping to make £2 billion per annum savings by 2019 through switching from maintenance grants to loans. However, the cost of those additional loans in terms of default is likely to reduce the saving to £0.3 billion.

The cap on student numbers was removed in 2015 and the UK government believes that the resulting increase in higher education places will result in income growth through fees of £2.3 billion by 2020. This signals a more commercial approach to higher education that could have an impact on how Jersey students are viewed in future.

UK student debt is being increased at a time when the outstanding student loan balance already stands at £64.7 billion (as at 31/03/2015. Source: Student Loans Company website) and BIS have forecast that 25-35% of new loans will not be repaid. In an attempt to reduce the level of debt, the earnings threshold for paying back loans is to be frozen until 2021. This

means more graduates will be in a position to make repayments as wage levels increase over time.

The government is also planning accounting changes to the student loan system to reduce the public debt on the national balance sheet. The onward sale of early student loans is also under consideration. None of this will have an impact on Jersey students but it shows that student loans are a considerable burden.

## Conclusion and recommendations

There is no question that Jersey's economy needs a highly skilled workforce and that its young people need support in acquiring these skills.

In the short term the solution is to continue helping as many students as possible to go to university and to ensure the limited funds are distributed as equitably as possible. For those that find UK universities financially out of reach we must continue to develop alternatives. There is considerable scope to expand the education and training available in Jersey, particularly if there is increased support from the business sector and the new Education Business Partnership.

The Education Department will continue its ongoing negotiations with banks, universities and other jurisdictions as it has over the past two decades, to find innovative solutions as the higher education landscape evolves and the financial situation shifts.

A longer term solution is needed for higher education funding and will require further attention from the Treasury and other partners. In the meantime, the options in the report will be progressed to provide as many opportunities for our young people and existing workforce to improve their knowledge and employability. Looking at the other options that are available is essential in order to ensure that higher education is affordable and relevant for all students and looking to less traditional models will form a part of this.

The following actions are proposed:

### **A: Student loans**

Not currently affordable for the island. UK developments to be monitored. Top-level political delegation to open discussions with, if possible, minister for Business, Innovation and Skills in the UK.

### **B: Parents' saving scheme**

Further discussions involving potential commercial providers.

### **C: Redistribution of current funds**

Minor changes possible to improve fairness – assets, second child, local tuition fees and grants to be explored further.

### **D: Expansion of Campus Jersey**

Quality-focussed opportunities to be progressed, particularly in conjunction with the business sector – degrees, higher apprenticeships and JICAS.

### **E: Universities in Europe**

Further detailed work with potential partner universities and ongoing promotion to students.

