INVESTING FOR GREATNESS
WHO PAYS AND HOW?

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Background

- CBI Higher Education Task Force report, **Stronger Together – Businesses and Universities in Turbulent Times**
- Informed by CIHE discussion papers including on future funding options
- Following are personal views

Common Ground

- All students deserve a quality HE experience
- Quality is costly
- UK HE system is efficient but is under-funded v our competitors
- Cost pressures relentless
- Institutions must diversify their funding but difficult times and no easy wins
- Next Government will have little new money

Suggested criteria for future funding

- Any new approach should:
  - safeguard and promote excellence
  - support diversity of institutions and provision
  - safeguard access for poorer students
  - help students make more informed decisions on what they might study and where.

My Proposals

Student Loans

- Current blanket subsidy on student loans economically and socially regressive, inefficient and costly
- 35% of tuition and 28% of maintenance assumed not repaid; two thirds of this = interest rate subsidy
- *Therefore:* **Government on-lend to students at its own cost of borrowing**.
- *But* resource cost accounting so no immediate release of cash.

My Proposals

Focus Government Support

- Over generous to Middle England
- Limited the expansion of the sector
- Undermined WP aims
- *Therefore*: **Focus on those most in need** (with up to median incomes?)

But: again resource cost accounting.

My Proposals

Raise the cap on student fees?

- Simple but costly approach
- Fiscal and cash flow costs
- Can any incoming Government commit to increases in public expenditure?
- Is there an alternative?

My Proposals

Supplementary Fees?

- Keep existing public funded scheme at current levels
- Allow institutions to charge supplementary fees

If: - justify on basis of enhanced earnings

- move to be need blind

- commit to raise efficiency and the quality of the student experience

- increase HEFCE WP funds

My Proposals

Bank Funding Possibilities

- Informal discussions so far
- Risk sharing with institutions to lower costs of borrowing (to mortgage rates?)
- Income contingent repayments
- Maybe roll into mortgage loans
- Could cover part-time students

My Proposals

Going Private?

- Opportunity for a few institutions to be independent of HEFCE teaching funds in say 10 years time
- Enable them to compete with top US unis
- Release funds for other institutions

My Proposals

Implies some redistribution of costs

- from general taxpayer to graduate beneficiaries
- from Middle England to poorer students
- from richer institutions to WP institutions
- from richer graduates to poorer ones

A balanced package. Much more work needed.

Early Debate

- 3rd November announcement on Commission
- Wide ranging debate needed on *all* ideas – and more ideas needed
- Early decisions needed by new Government
- Even then no change before 2012
- Time is not on our side if UK HE is to offer high quality learning to all students