

10. Financing of Higher Education

10.1 Introduction

ESU continues to advocate for sustainably and publicly funded higher education according to the notion of education as a public good and responsibility:

“Education is a public good, a public responsibility, and should be publicly steered and supported. Higher education is all too often presented as an expense. Higher education is a general interest of all people, as it contributes to the common good by increasing the general level of education in society. Higher education is a value that should not become subject to economic speculation and prey to the ideologies of privatisation and the shrinking of the state.” (European Students’ Union, 2016)

After years of negative trends, ESU finds that the cuts in higher education, seen in the aftermath of the financial crisis in 2008 have been slowing down. More unions report an improvement in the financial situation of students over the last three years compared to earlier Bologna With Students Eyes publications, specifically ‘Bologna With Student Eyes 2015’, which had 31 out of 38 responding unions reporting that the financial situation of students had been deteriorating. Three years later, in 2018, 26 out of 44 unions disagree with the statement that the financial situation of students has improved since 2015. More than half of the respondents report deterioration of the students’ financial situation and less than 25% have seen improvements. In fact, some countries have decreased or frozen their investment in higher education. In Moldova, the government has used the shrinking number of students as an argument for limiting the allocation resources for this field.

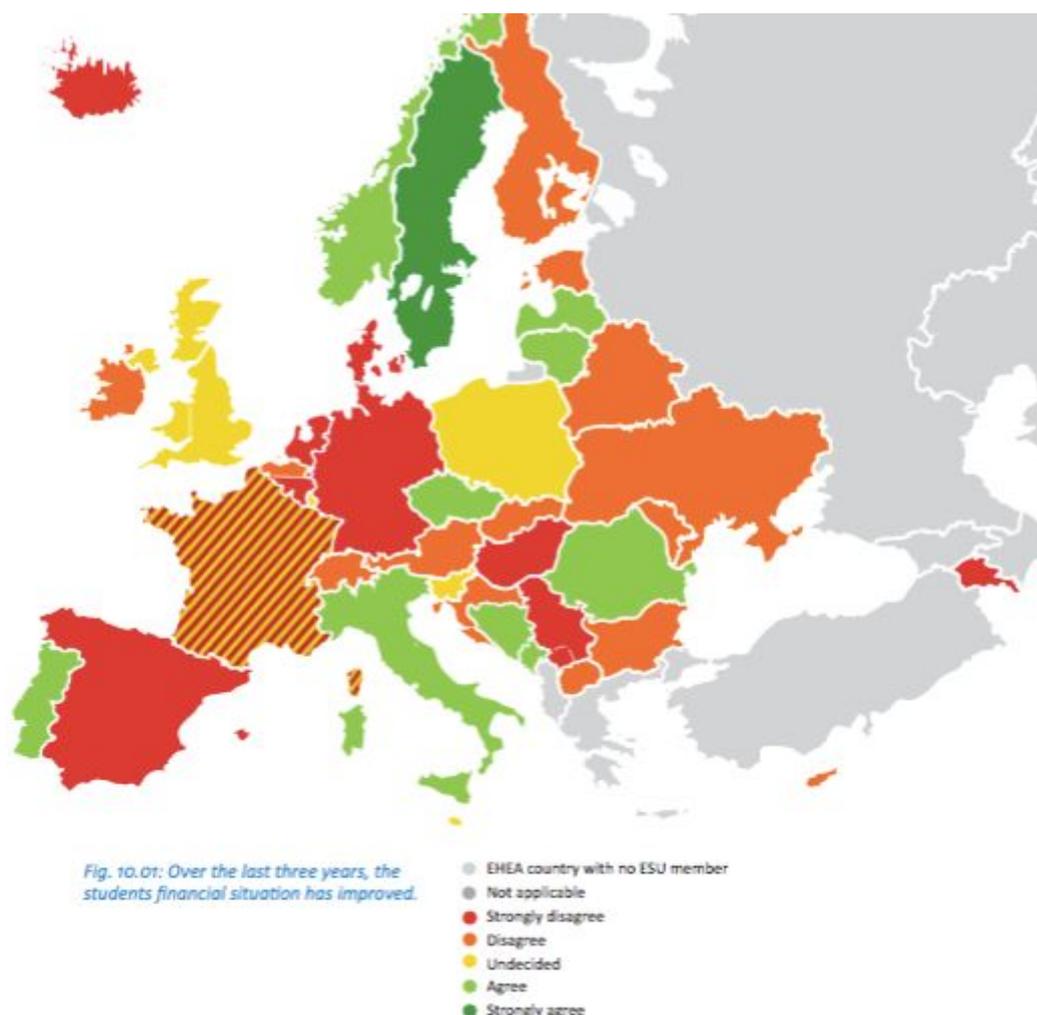
Only 16 national unions report that they have seen an increase in public funding of financial student aid. Our members also report that some countries are also increasing their funding, which is backed up by the Eurostudent report (DZHW, 2018).

10.2 Main findings

Students' financial situation

Studying is still expensive in Europe. Study fees still make up a significant part of students' key expenses, being especially prevalent in Ireland and UK (Eurostudent). Investments seldom go to increase financial support, and are spent elsewhere instead. 60% of the student unions report that the financial situation of students has been deteriorating over the last 3 years. In many countries the scholarships have increased, but this has often been paired with a rise in tuition fees. More commonly, there has been a trend in shifting the model of student support from a scholarship and grants based system into one that relies more heavily on loans. Many of the Southern European countries report the smallest amount of grants-based financing. These findings are mirrored by the Eurostudent report, that finds that many European students rely heavily upon their part time jobs and their parents (DZHW, 2018).

As with most matters in higher education, finances and the financial situation is an underdog. Students' financial situation has taken a turn for the worse over the past three years. Across Europe, students are in a situation, where grants are insufficient to fulfil their basic needs, which leads to an increase in both loans and the necessity for part- or full-time work next to full-time studies. The effects of working during studies will be discussed below.



Fig, 10.01: Over the last three years, the students financial situation has improved

The disconnect between students' average monthly income and monthly expenses is tangible. When looking at average student expenses compared to income for students dependant on public student support, a large number of countries do not offer students enough support to cover necessary expenses. The difference between income and expenses is especially severe in Estonia (366,8€ vs 761,8€), Latvia (309,5€ vs 635€), Portugal (476,6€ vs 761,4€), Slovenia (288,7 € vs 511,7€) and Slovakia (222,9€ vs 426,5€)¹. (Eurostudent)

Scandinavian countries, for the most part, have historically had more generous student financing arrangements, often provided on a universal basis as opposed to needs- or merit-based systems. However, this support is coupled with the highest expenses on housing (Eurostudent). Norwegian and Swedish students enjoy a steady rise in their students support, but their peers are experiencing a far less generous reality. Finland has

¹ Calculations compared monthly income of students dependant on public student support to students' total monthly costs.

seen dramatic cuts in the financial support for students, the government has like in many other countries (UK, for example) bundled this together with increasing the loans accessible to students.

The students of Iceland do not have any grants at all, relying instead on a fully loan-based system. The loan fund of Iceland is an outdated system that does not take into account the real situation of students in relation to financial needs and living conditions. When calculating the amount of loan granted, the fund assumes the housing cost based on rent in student housing, but only 9% of students live in student apartments. This results in those students living elsewhere not having enough income for rent. Many students in Iceland decide to work along with their studies instead of taking loans or along with taking the loans. Even though the loans do not cover the real costs of living and learning in Iceland, the amount of granted loan is still cut if the yearly salary of the student is over a limit the fund has.

Luxembourg has increased funding for students who study abroad by 22% from the basic public student aid granted at 1.000 € per semester, whilst the funding rate for inland students remained the same. However, students often end up taking loans due to the high cost of living in the country.

In Wales, students receive a mixture of grants and loans, which allow them to achieve the National Living Wage. A similar approach is seen in the rest of the United Kingdom, widening the availability of student loans, which in fact hits the poorest students hardest.

Italy has increased the volume of budget available for students grants, but there is an enormous need to increase this budget more than three times to satisfy all the grants. The situation is very similar in Germany, where even less students have access to grants. These situations often lead to student protests, and in Latvia, successful students protests have taken place to maintain and even increase investment in Higher Education, although students still must look for jobs to cover their expenses.

Meanwhile, in Southern Europe, Spain is still seeing the effect of being hit heavily by the financial crisis. Spanish students still see negative developments, which is a continuing trend based on previous 'Bologna With Student Eyes' publications, notably 2012 and 2015. Students in Armenia are also facing the decrease of public funding alongside with increasing tuition fees at the same time. In Austria, some deteriorations were imposed on part time students. A decrease is also seen in Serbia, as well as the Lucerne and Valais cantons in Switzerland.

The Netherlands, a mix of repayable and non-repayable grant systems is now completely replaced with an exclusively loan-based system. At the same time, tuition fees in Netherlands have been increasing. Finland has seen similar tendencies - however, the

non-repayable grants haven't been scrapped entirely. What is impacting the students considerably, is a steep rise in housing costs. In many countries, the students are facing the same reality - grants and loans are kept on the same numerical level, whereas students' living costs, and in some cases tuition, have been increasing steadily.

Not all countries have seen a decline in the students' self-reported financial situation. Some Eastern European countries have seen considerable rises of grants and scholarships. One example is Romania, where students are now supported throughout the entire calendar year, including holidays and vacations. This was achieved through negotiations by The National Alliance of Student Organizations in Romania (ANOSR), who achieved the increase of grants to a minimum level of income based on basic needs, as well as a review of eligibility criteria related to gaining access to grants. Romania has tripled the total allocation of public funding of student aid. In fact, that means that the minimum grant was more than doubled to 124 € per month. Lithuania and Bulgaria have seen an increase of students grants by 25 % and 30 % respectively, too.

France has developed grants for students and graduates. After graduation, grants continue for four months to ensure the social standard for fresh graduates looking for new opportunities.

In some cases, however, the students' financial burden is still shifted to their families and/or partners. This is most prevalent in Serbia (96% of students are dependent on family income), Portugal (71,9%), Romania (63,4%) and Slovakia (61,4%) (Eurostudent). This is a lasting tendency, that affects students from lower socio-economic backgrounds and marginalised groups especially. The prevailing acceptability of this is contrary to commitments made by EHEA across previous communiqués relating to the Bologna process, which make and reaffirm promises relating to the social dimension and improving access to education (Leuven Communiqué, 2009; Budapest-Vienna Declaration, 2010; Bucharest Communiqué, 2012; Yerevan Communiqué, 2015). The impact of commitments targeting social dimension in higher education on national level, which was made at Bucharest communiqué, is very limited according to most of the unions.

Part- and full-time jobs filling the gap

Many students work part-time or full-time jobs to finance their studies according to Eurostudent VI (DZHW, 2018). For some of the countries that report better financial situations for students our respondents point to an increase in job opportunities either due to an overall increase of the country's economy or due to a deregulation. Although it is positive that students are able to sustain themselves more easily through finding paid employment, such activity takes time away from the classes and their studies. The need for working full- or part-time impacts groups of students differently, and students with disabilities or with learning impairments such as dyslexia, are more negatively affected by

restricted hours spent studying as a result from working obligations other than their educational requirements.

The amount of time students spend on paid jobs varies significantly across Europe. The “hardest working” students across Europe live in Poland (36,3h per week), Romania (35,8h per week), Portugal and Hungary (34,7h per week each), and Estonia and Latvia (34,3h per week) (Eurostudent). This illustrates, that students in these countries are not merely working part-time during their studies, but are likely engaging in both full-time employment and full-time studies at the same time. Although gaining work experience is listed high among the reasons students seek employment, the need for income to sustain themselves is a prevailing reason students work during their studies (DZHW, 2018). For one in 3 students in Belgium, their full- or part-time job is their only source of income. In Slovenia, where the income of students has increased, it has done so only through an increasing amount of students working while studying, since despite a growing GDP, the amount of grants students receive has remained the same.

Developments of students’ eligibility and access to grants

For the most part, eligibility criteria students have to fulfil in order to access grants, have remained the same since 2015. In countries, where the criteria have undergone change, the changes have been mostly regarding economic factors, such as other sources of income, and the amount of ECTS acquired over a certain period of time (such as semester or year).

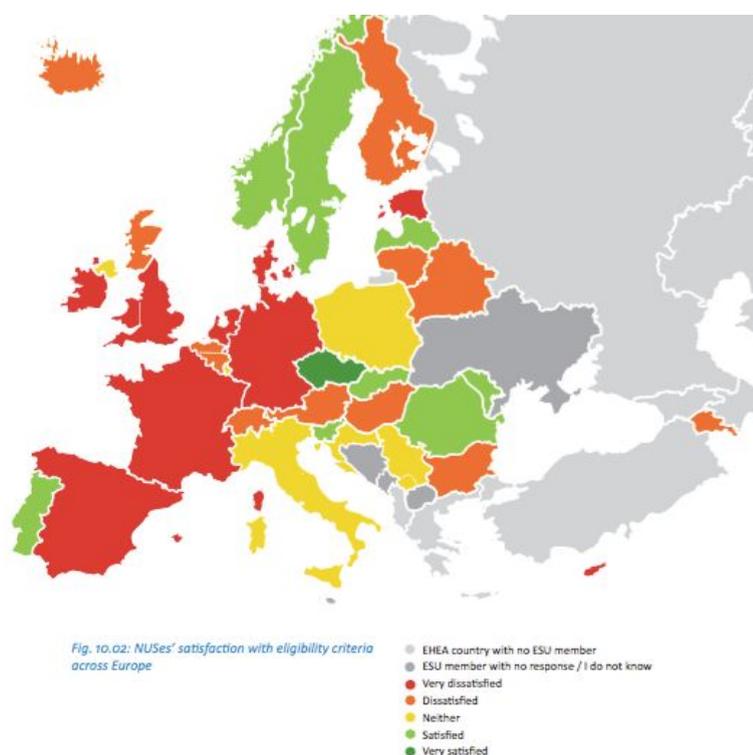


Fig. 10.02: NUSes’ satisfaction with eligibility criteria across Europe

As visible from the map above, most countries' national unions of students are either dissatisfied or very dissatisfied with the eligibility criteria students must meet to access grants. These criteria are often based on students' families income or income of the previous financial year, which do not take into account students as individuals and adults living separately from their families. This is a case in some countries, e.g. in France and Estonia. In Estonia, students are counted as part of their parents' families up until the age of 25 - this includes divorced parents and half- and step-siblings. Viewing the income of the entire family as a part of a student's income is highly inaccurate and as a result it does not reflect the students' actual need for support.

The progress regarding increased public funding of financial student aid exists, though decreasing or stagnating student aid prevails. Sixteen student unions report an increase of publicly funded financial aid since 2015, a further two report an increase of privately funded student aid. However, eight unions report a decrease of public student aid, with a further three reporting a decrease in private student aid. Fifteen unions stated that in their countries, there has been no change over the past three years.

The vast majority of unions from across Europe calls for more public funding to higher education. Prioritizing research is important too, but should not overshadow education funding, such as in Sweden. In some countries, such as the Czech Republic and Serbia, the private expenditure on higher education is even higher than the public support that students receive. (ESU, 2013; Eurostudent) These trends on shifting burden of study costs to students heavily affect students' resources and require more private funding, most often from students' parents, which is not always a solution for many students, making tertiary education not accessible and even causing drop-outs from studies due to serious financial difficulties.

Education as a public good vs tuition fees

There is an apparent and worrying trend toward establishing and increasing tuition fees in Europe. In addition to information seen in the map below, some governments are contemplating establishing tuition fees, such as Estonia and Austria. In several countries, such as Belgium and Ireland, students face a constant battle against rising tuition fees and/or "student contributions". In Belarus, the information regarding the financing of higher education is not public. This makes the entire process of providing education as a public good not transparent. Because of this, although there have been rises in tuition fees, it is difficult to establish the amount. In general, the tertiary education in Belarus cannot be considered as tuition free, because students need to decide to either pay prescribed fees or work for the government for the period of two years after study completion.

Fig. 10.3: Was there any increase or decrease of tuition fees in the years of 2015-2017 on a national level?

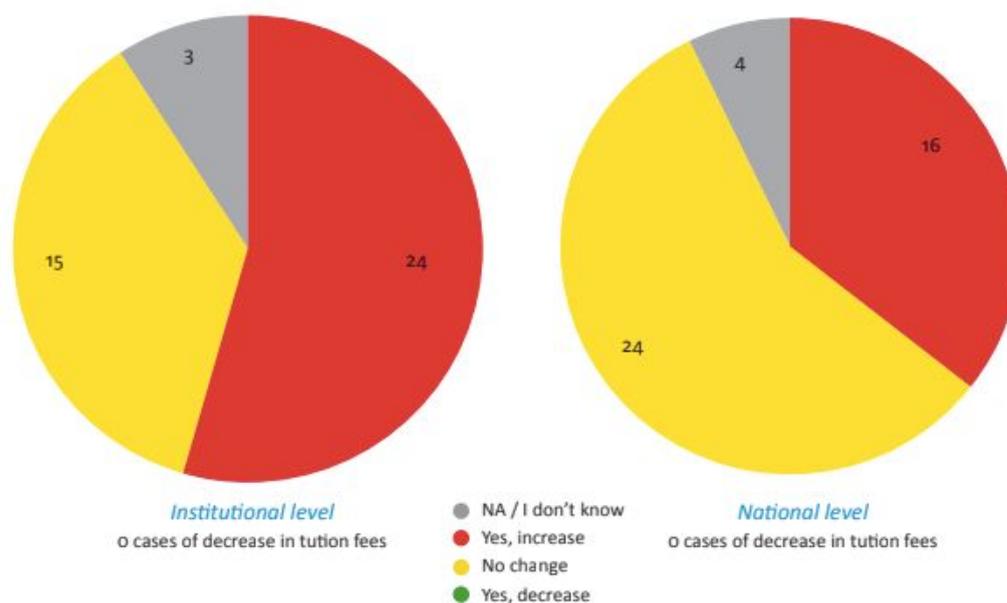


Fig. 10.03: Was there any increase or decrease of tuition fees in the years of 2015-2017 on a national level?

ESU has stood and continues to stand for free and inclusive education. ESU believes that tuition fees represent an obstacle to equal access to higher education and jeopardise the successful completion of the studies (European Students' Union, 2016). Despite commitments made by many governments' at several foras, such as the Louvain la Neuve communiqué and the Yerevan communiqué, education imposes a heavy financial burden on students. In several countries across Europe, tuition fees for international students are either higher than the fees for national students, or exist where none do for local students (European Students' Union, 2017). ESU stands against this practice - all students, despite their origin, should be treated equally in regard to student support and fees. This discriminatory practice is the case in Finland, for example, where the government implemented mandatory tuition fees to non-EU and EEA students starting in 2017.

Commodification

Commodification tendencies across higher education systems trigger an alarm of independent education being threatened by the labour market and its current needs. This is why this subchapter was added to this 'Bologna with Student Eyes' edition to stress the importance of this topic.

“How education is seen in society, how it is funded and how it is governed are tightly interlinked areas. Addressing higher education as a commodity and students as consumers who purchase the service goes against the fundamental social values and norms attributed to higher education. This has led to a trend that ESU refers to as the commodification of higher education, defined as the changing perception of higher education from a public good and public responsibility to a private and limited commodity.” (European Students’ Union, 2016)

The high level of commodification practices and even tendency to raise tuition fees was reported by the majority of NUSes. They see two main directions in commodification practices across higher education systems.

Firstly, the discrepancy between students from non-EU/EEA countries and tuition fees being imposed on them. Of course, this is not the issue related to these students only, but also students in general are being exposed to a rise of tuition fees. This is creating an atmosphere which leads to the perception from HEIs and governments that education is a matter of business and that education can even make profit. The driving force of this perception is caused by a lack of public funding and a misunderstanding that the role of education is of benefit for all society. Another example is connected with understanding education as a commodity that can be sold to students abroad for the purpose of making profit, and in some countries, to create additional financial resources for covering the same study programmes in the country’s official language, due to the lack of public funding and a guarantee of free studies by law. This approach is not an appropriate reaction to internationalization, nor increased competitiveness of higher education.

Secondly, the sole linkage of education to labour market and at the same time, governments prioritising market-oriented demands to certain student profiles and study fields harm the multiple purposes that education brings. National economic policies limiting the number of places in study programmes are taking place in several countries. Students and graduates are often seen just as human capital serving the purposes of employers and the labour market, undermining the importance of free access to education and the value of education for individuals and the society. In some cases, there are certain procedures in HEIs public funding patterns connected with the number of graduates not being employed straight away after graduation. “The European Students’ Union is against the view of education as a commodity, the undemocratic and inequitable limitation of education by the market, and the instrumentalisation of research and teaching by private decision-makers to fit commercial interests.” (European Students’ Union, 2016)

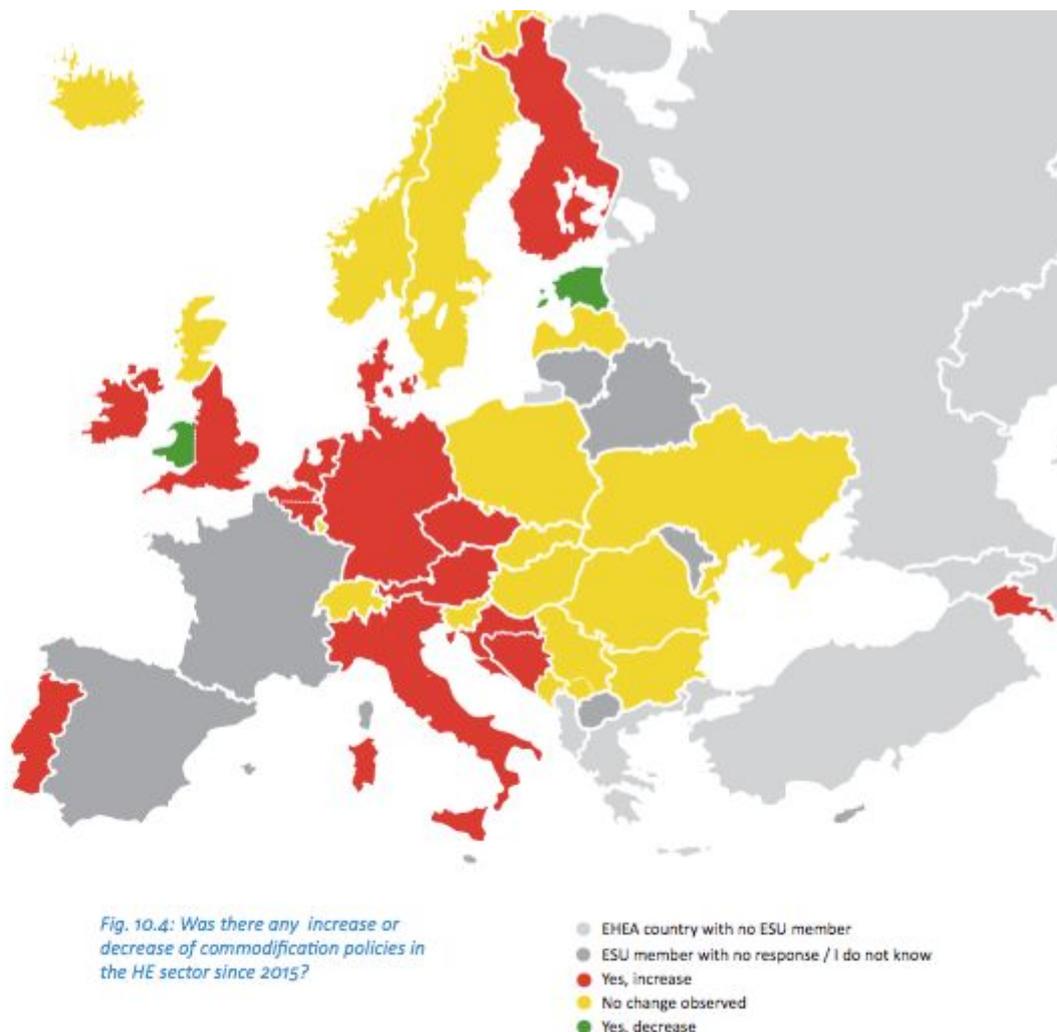


Fig.10.04: Was there any increase or decrease of commodification policies in the HE sector since 2015?

10.3 Conclusions and considerations for the future

After severe cuts to student support systems after the 2008 financial crisis, the first signs of progress and increase in funding are visible. However, a worrying trend of increasing or establishing tuition fees is still haunting the students of Europe. Despite repeated commitments by governments' to provide affordable and sufficiently funded education that truly serves as a public and accessible good, there are still gaps in accessibility across Europe. Most worryingly, the students' financial support systems do not seem to keep up with increasing living costs. This has resulted in an increasing amount of students seeking part- or full-time employment to support themselves during studies - this is not a sustainable trend that would be conducive to concentrating on studies. Notably, in the Balkan region, learners are still largely dependant on their families' support during their studies. Linking education solely to the labour market's current needs is on the rise, and severely harms the multiple purposes of education for individuals and for the entire society.

10.4 Recommendations

- Free higher education must be seen as an investment in the future. As such, Europe should see free higher education as a long-term goal.
- Students must be given adequate support through publicly funded grant systems. Student support through grant systems must be preferred over re-payable support systems.
- Governments must review and adjust students support systems to ensure students' access to higher education, and acceptable living conditions during higher education.
- Governments and HEIs must discontinue discriminatory practices regarding study fees, such as enforcing mandatory fees for international students. These practices are counterproductive in regard to internationalisation.
- Governments must stop producing more education restrictions based on national economic policies to ensure accessible higher education without labour market as the main player in higher education policies.

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