

Financing tertiary education

- (1) Does the current system allow students better access to tertiary education?
- (2) Are the alternatives better or worse for students?

Student Income & Expenditure

- NZUSA has commissioned Income & Expenditure Surveys since 1994.
- 5700 surveys were distributed amongst randomly selected students.
- Final completion rate of 50%.
- Weighted data to align with data with age and gender profiles within each tertiary institution.

Tertiary demographic

Who is accessing tertiary education at the moment? How do they pay?

- New Zealand has the second-highest rate of educational inequality in the OECD.
- 91% rely on debt to finance their study.

Tertiary demographic

- Average student loan debt was \$15,558
- Median amount borrowed was \$12,000

Tertiary demographic

- The incidence of debt less than \$2000 has decreased from 26% in 2007 to 19% in 2010.
- Only 12% of students expect to have no student loan debt at the end of their qualification.

Tuition Fees

What are tertiary institutions charging, and how has this changed?

- Mean tuition fees for all students are now \$6,246, an increase of over 48% since 2001.
- Median fees for part time students have increased most significantly, by 52% since 2001 (from \$1,848 to \$2,800).

Tuition Fees

- One in every four cited fees as having an influence on their choice of course.
- 58% had to think carefully about whether their courses/papers were worth taking.
- 21% stated that fees influenced their choice about which institution to attend.
- 13% (main reason) and 6% (other reason) of students who are not continuing their studies in 2011 cite the reason being they cannot afford to study more.

Access

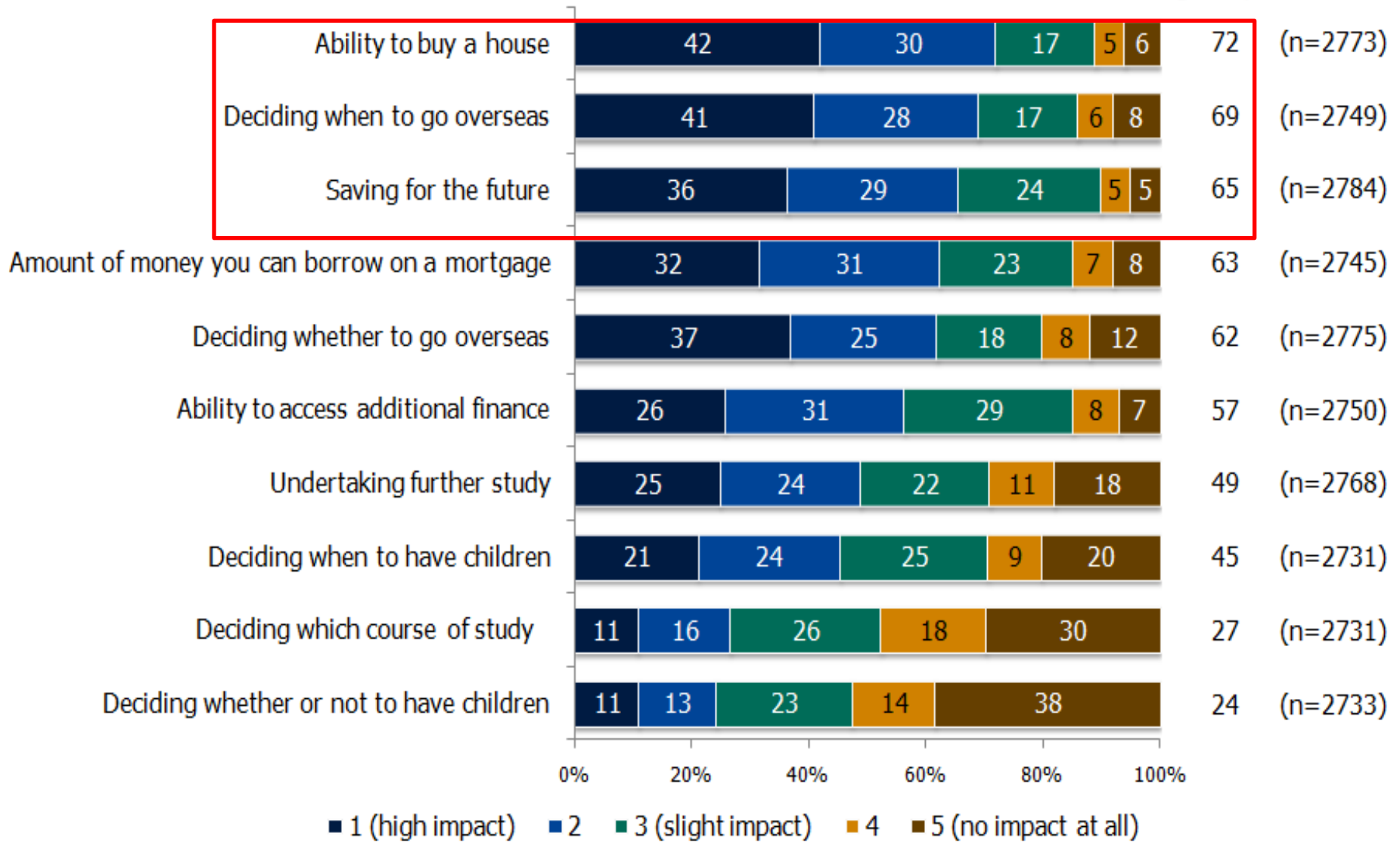
- 90% of students support zero interest on student loans.
- 73% believe a living allowance should be provided for all fulltime students.
- 70% believe tertiary fees are too high.

Access

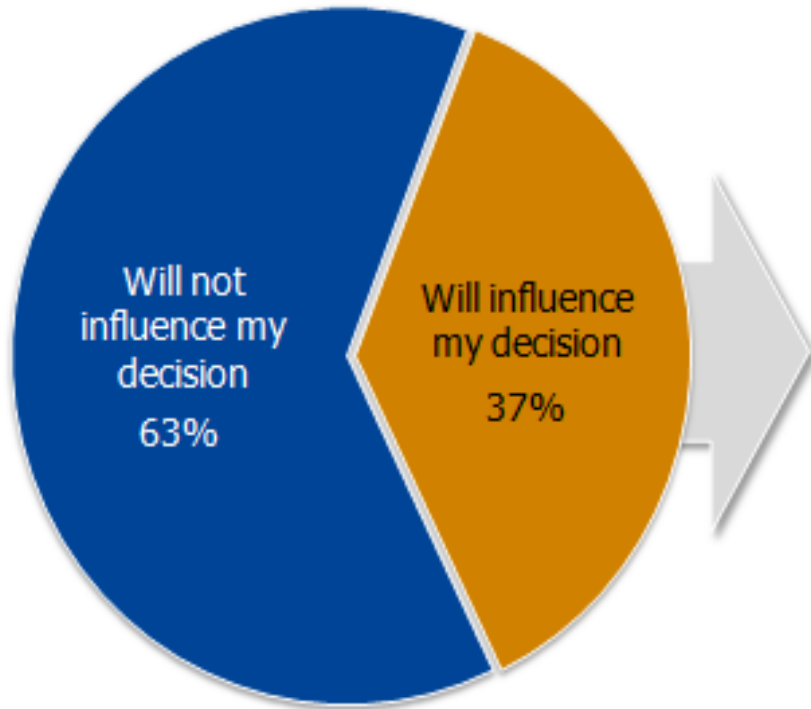
- Maori, Pasifika & students from low decile schools still a problem.
- Students whose parents have lower levels of education underestimate more often the net benefits of tertiary education.

Perceived impact of Student Loan

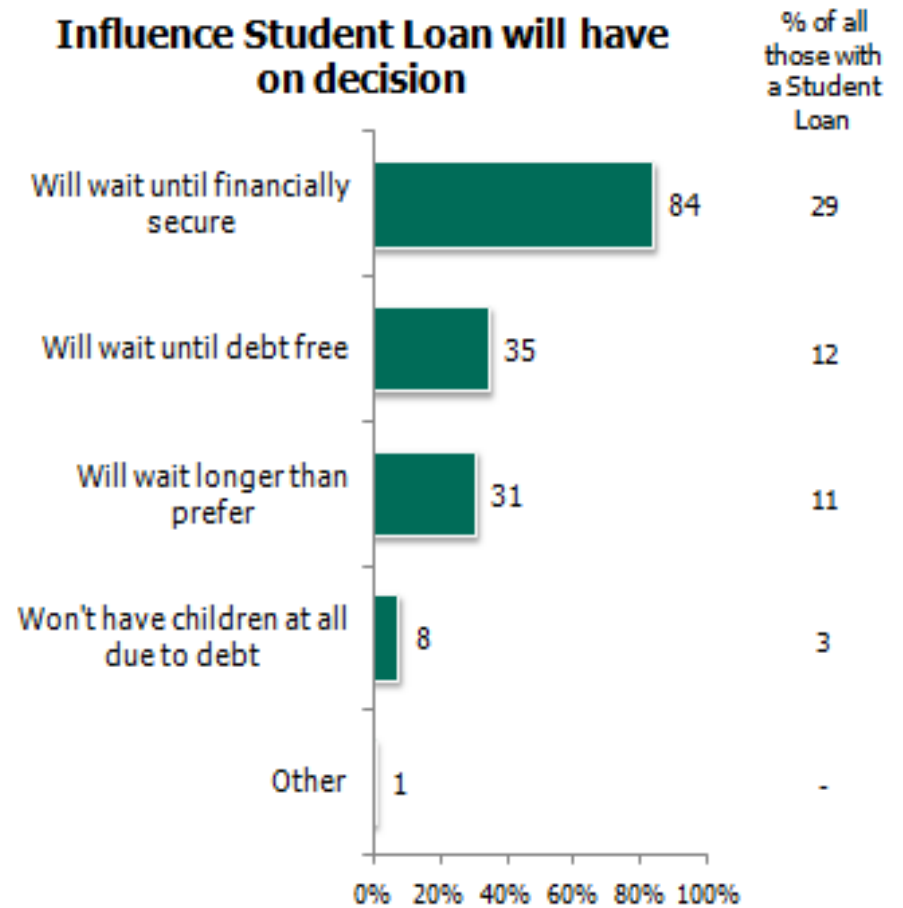
% more than 'slight impact'



% that think Student Loan will influence their decision about whether or when to have children



Influence Student Loan will have on decision



Source: Q5e
 Base: Students who expect to have a Student Loan at the end of their qualification, excluding missing information (n=2499)

Source: Q5f
 Base: Student who believe their Student Loan will influence their decision to have children, excluding missing information (n=810)

Do students need loans?

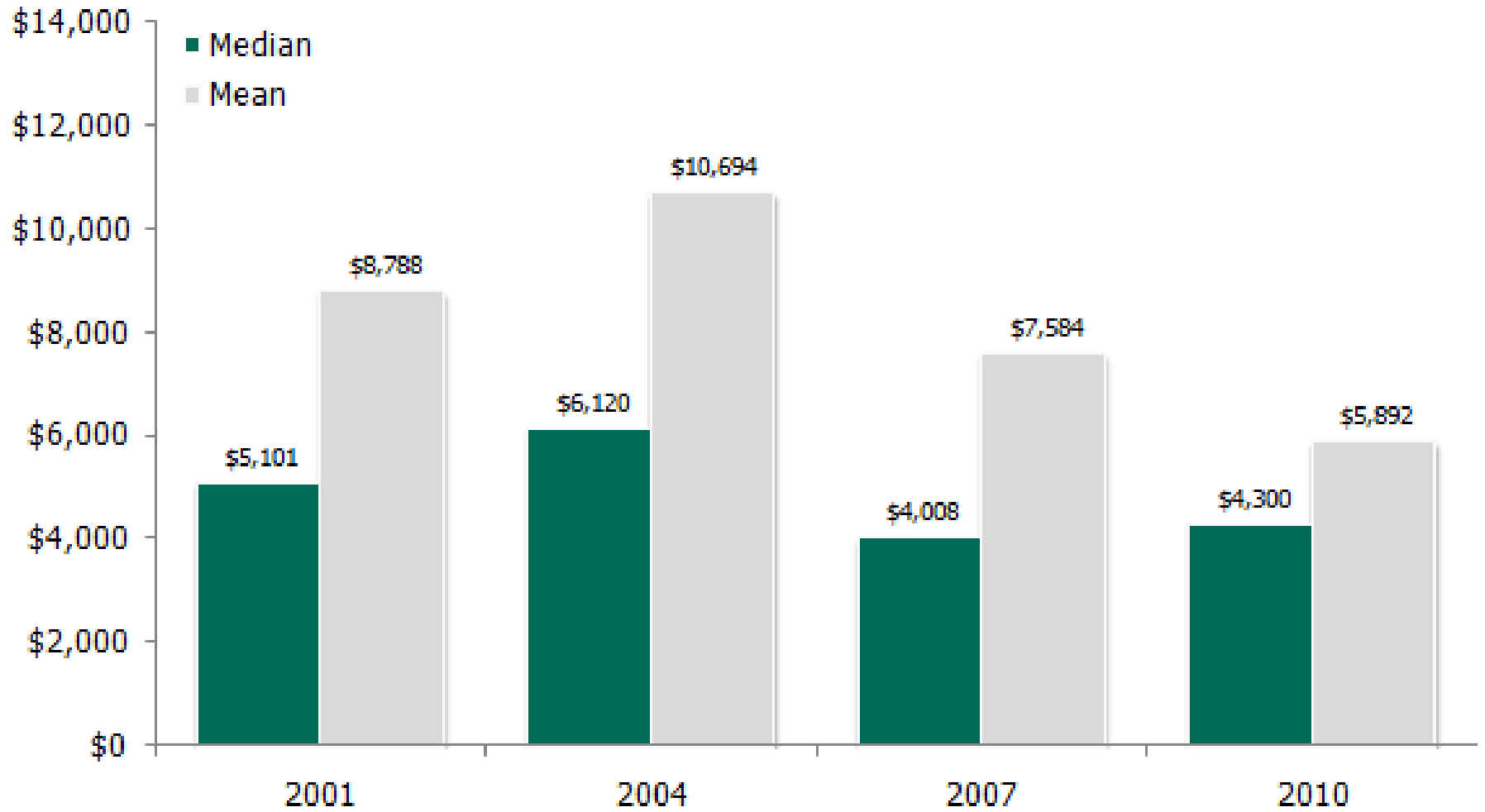
The alternatives are parental support & jobs.

- The median student income has increased only marginally since 2007, up from \$4,008 to \$4,300.
- Fewer hours and weeks worked.

Do students need loans?

- Significantly fewer (65%) students were employed in regular or casual work during the academic year.
- 90% in 2007
- Students bore the brunt of high unemployment rates.

Income since course commenced



Do students need loans?

- The proportion of students living at home with their parents during the academic year has increased substantially since 2007, up from 26% to 38%.

Responsible use of loans

- In 2003 the average size of the 'leaving debt' was \$14,110.
- A third of borrowers fully repaid their debt within five years.
- Of 1992 graduates, almost one in every six had not – even after 16 years – repaid their loans in full.

(Statistics New Zealand)

Responsible use of loans

- Students appear to have been more cautious about their general debt in 2010
- Fewer accessing credit (down from 25% to 18%) and overdraft (down from 37% to 27%) facilities.

Alternatives

- Putting interest back on student loans doesn't work for students.
 - Extra barrier to access
 - Doesn't create extra incentive to pay back faster
 - Overburdens certain demographics

Payback rates

- Domestic borrowers pay 103% of annual obligations.
 - Graduate incomes (~\$42K) are below average New Zealand incomes (~\$47K).
- Repayment rates worse for all those whose earning rates are lower: women, Maori, Pasifika, disabled.
- Interest on student loans compounds these issues.

Flow on effects

- Intergenerational inequity
- Investment in knowledge economy