

Student Grants, Parental Contributions: Outcome Of Consultation

1. Background

In 2006, faced with increases in both university tuition fees and student numbers, the Minister for Education Sport and Culture set up a review of financial support for students. Its main aim was to develop new ways to support students at an acceptable cost to both parents and the States, but the consultation process also highlighted other issues relating to the way in which student grants are administered. One area of public concern centered on the way students from divorced or separated parents are treated under the current scheme of grant aid.

In his proposals for the future, published in December 2006, the Minister set out a new framework for student financial support which, with effect from September 2007, introduced an option for students to pay for part of their higher education with a student loan,. In the same report he also acknowledged a public perception that the assessment of contribution towards costs of tuition for families which stay together appears inequitable, compared with arrangements for students from divorced or separated families.

In light of the above he undertook to consult with the public on this matter and, to this end, he published a public consultation document on 18th February 2008 and invited responses by 25th April 2008. This deadline was subsequently extended in order to allow the Jersey Finance Education sub-committee to give the matter further attention.

The consultation document described current arrangements and outlined three possible alternative approaches to determining the parental contribution which should be made by parents who are separated or divorced.

2: Context

Through the Minister for Education Sport and Culture, the States of Jersey contributes towards the cost of tuition and maintenance for university students. As in other jurisdictions, young people under the age of 25 years are considered to be 'dependent' students and therefore the size of the contribution made by the States is determined by an assessment of parental or family income. The assessment is made on the gross income a family has declared and had verified by the Tax Department. Under the current arrangements no parent can be required to disclose income. Parents who choose not to disclose their income are presumed to be high earners and are treated as maximum contributors, receiving minimal support from the States.

If a parent states they are divorced or separated, and cannot obtain support (other than that agreed in the divorce settlement) from the estranged partner, Education Department officers take account only of the income of the parent (including maintenance) with whom the young person lives.

When the parent with custody has a new partner, the income of the new family member is not taken into account, if income from that partner is not declared.

In effect, for many years, some divorced parents have voluntarily contributed to the cost of student tuition and maintenance and some have not. Some new partners have contributed to costs of their partner's children, and some have not.

A trawl through a sample of 100 student files suggests that 36% of students in Jersey are supported by parents claiming single-parent status. This would suggest that a change in policy to take account of new partners or estranged parents could have an impact on a considerable number of students and their families.

3. Consultation

The consultation document highlighted the Minister's prime concern to ensure access to higher education for all those young people who can benefit from the learning experience. It then reviewed student support in other jurisdictions such as Guernsey, the Isle of Man and the UK and it suggested three alternative ways of assessing parental income in Jersey in instances where a family has divorced or separated.

The three options were:

1. maintain the current practice – and reflect this in orders made by the Minister and published in the States; or
2. adopt a new practice which takes account of both parents' income regardless of whether they are still living together, divorced or separated; or
3. adopt a new practice in which the joint income of 'current partners' is taken into account.

Members of the public were invited to comment on the three options or suggest other options which they considered to be more equitable. In total, the Department received 27 responses. One response was received from the Governing Body of Hautlieu School; the others were from families and individuals.

From the responses, nine preferred to maintain the status quo; nine others expressed a preference for Option 2 (taking account of the income of both natural parents). Seven preferred Option 3 (taking account of the new partner's income).

There were six alternative suggestions

1. Count living parents (including step parents), divide the total fee required by this number, claim contribution from all involved.
2. Use the maximum income rate as the default position - make people prove they are in need. Introduce a penalty for false declarations,

3. Reduce the contribution threshold for single parents to offset the contribution the new partner is making to the home. Therefore where natural parents are living together the calculation would be:

Gross income of Parents over - £26,750 X 20.25%.

For single parent the calculation would be

Gross income of Single parent over - £20,000 X 20.25% (for example)

In this way the financial contribution made by the new partner to the household would be taken account of without seeking a direct contribution from the new partner.

4. Make the student independent of parents through extending the scheme of student loans. A bursary scheme could be used to support students in extreme financial difficulty.
5. When a request for a student grant is made by a single parent, not only should the total income of that parent be taken into account, but also the outgoings necessary for the maintenance and education of any children involved.
6. Take a leaf from Income Tax, assume income from missing parent until proven otherwise. If an employee fails to provide an employer with an income tax code, the employer is required to deduct 35% of wages as ITIS. With grants assume the missing partner's income to be high and then it is up to the parent/partner to provide the necessary information in order for a proper assessment to be made.

4: Conclusion

The survey results would seem to confirm that there is a general concern that the present arrangements are inequitable. There is no clearly preferred alternative however, and there is also significant concern that changes could have a real detrimental effect on the ability of some students to access higher education. Several respondents suggested that if change is inevitable, it should be announced well in advance and it should not apply to students currently at university.

In light of the above, the Minister has determined to seek further advice regarding the three options and to explore in greater depth, the additional ideas submitted by individuals who responded to the consultation process. He has also requested legal opinion on the extent to which the options meet Human Rights requirements. The Minister's proposals will be published on completion of this further work within the next six months.