

# UK Adopts “Top-Up” Tuition Fees

British Universities prepare to compete in a more “American” system

Photos by David Levenson, Black Star, for CrossTalk

By Jon Marcus

CAMBRIDGE, ENGLAND

**T**HERE'S A HUSH over the courtyards of the ancient colleges along the River Cam. Even the tourists speak in whispers. It's examination week for the brainy young scholars who populate this famous university town. But it's something else, too: It's the calm before the storm.

Like every other university in England and Wales, Cambridge is about to undergo a vast change in the way it does business. It's the outcome of a political struggle so contentious it nearly brought down a government, resulting in a plan so laden down with compromises that almost no one seems to like it—including the universities that originally lobbied for it. And while the government insists that all of this will encourage more low-income students to go on to higher education, its many critics expect precisely the opposite outcome.

What accounts for all this drama? Imagine the American system of costly and complex university financing and heavy student debt imposed from scratch on a country where, until six years ago, tuition was completely free.

While the changes don't go into law until two years from this fall, there have already been far-reaching implications. In order to meet printing schedules, universities have to decide by around mid-December what they will charge in tuition. Admissions offices are being flooded with applications from students who otherwise might have taken a year off to travel but are scrambling to enroll before the new arrangement takes effect.

By one year from now, an estimated 100,000 additional students are expected to apply in a deluge that is already being called “the 2005 effect.” One university division reported 900 applicants for 50 places, so many that the overwhelmed

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admissions officers admitted to having ultimately chosen the successful candidates at random.

This is one of several ways that, rather than solving problems, the government's controversial plan has made matters

worse. The number of students in UK universities has already nearly doubled from 567,000 to 1.1 million in the last 20 years—but funding per student has fallen by exactly half. Less than one percent of the gross domestic product goes to higher education in the UK, compared to 2.7 percent in the United States. A British university spends \$9,200 annually to educate

an undergraduate, while a top American university spends more than \$36,800.

Yet the number of university-bound students in the UK is still rising. This, along with general population growth, could leave British universities drowning beneath a deluge of 240,000 additional applicants per year before the end of the decade.

To make matters worse, an estimated 30,000 more students from the ten newly admitted European Union nations are expected at these universities, where they now qualify for resident tuition—at a loss to the universities of an estimated \$42.3 million a year.

The schools say they need another \$10 billion to cover annual operating costs. They are also struggling with a nearly \$15 billion backlog of repairs. Salaries, the major faculty union says, have fallen by 40 percent relative to other professions since the 1980s, leaving them far below those paid by universities in the United States. Among the world's top 50 libraries, not a single one is in a British university.

The government's complicated strategy for addressing these problems is colloquially known as “top-up fees.” It will allow universities to charge tuition of up to \$5,520 per year beginning in 2006, for which most students will take out loans that they will be required to repay after graduation—but only once their salaries reach \$27,600. The principal and interest will be deducted from their paychecks at a rate of nine percent on anything they earn above that threshold.

To make this idea more palatable, the government has promised financial aid in the amount of nearly \$5,000 each for low-income students, and has required the universities to add an additional \$520, essentially covering the full cost of tuition (though low-income students still would presumably take out loans to cover personal expenses).

If all universities charge the maximum tuition, they'll collect an extra \$1.8 billion a year. They will then have to subtract a collective \$92 million to pay for required aid to low-income students, leaving about \$1.7 billion more than they



**Opposition to the Blair government's tuition plan was intense “because people have always had higher education for free,” said MP Ian Gibson.**



**Claire Callender, professor of social policy at London South Bank University, thinks the new policy mimics the worst aspects of the U.S. approach to financing higher education.**

get now—still far less than is needed. “There’s a big problem, and this does not address it,” said Ben Brinded, president of the Cambridge University Student Union, which has been in the thick of the debate. “Universities are underfunded. There’s a definite consensus that the system needs to change. The problem is, that’s not going to change. Even after this plan takes effect, the universities will still be underfunded.”

Meanwhile, the cost to the government of making all of its many compromises—including paying low-income students’ tuition and subsidizing other students’ loans—will come to about \$2.2 billion, the logic of which is lost on some opposition ministers of Parliament. “In order to raise slightly less than £1 billion a year for universities, the taxpayer is going to have

to spend something like £1.2 billion,” said Conservative education minister Tim Collins, adding (with a British flair for understatement): “That’s an extremely inefficient way of proceeding.”

If there is concern over the effect of this plan on university finances, there’s near rebellion over its impact on students. By one estimate, top-up fees combined with increases in the cost of living could boost average student debt at graduation to more than \$62,000 by 2010. (The government says the average debt will be \$27,600.) Even with financial aid that covers up to

the full price of tuition, many low-income students who are concerned about the debt they might assume in order to pay their living costs may steer clear of higher education.

This comes at a time when it is already the case that only 19 percent of young people from the poorest families go to college in England, compared to 50 percent of the children of the richest. The other group most likely to be affected is the middle-class students who cannot afford to pay the new tuition rate but don’t qualify for grants.

It is a familiar controversy with a different accent. “We are looking with an eye to what has happened in the U.S.,” said Claire Callender, a professor of social

policy at London South Bank University who has studied the potential impact. “That’s not the way we do things in the UK.”

Students in England contributed nothing at all toward the cost of their tuition until 1998, when a fixed fee of about \$1,840

was imposed, payable at the beginning of each academic year. Every university was required by law to charge the same amount to undergraduates, from newly established polytechnic institutes to Oxford and Cambridge. In 1999, government-subsidized “maintenance grants” for room and board were also phased out and replaced entirely with loans.

Callender, whose university is in a low-income district south of the Thames and serves a largely low-income student body, has undertaken the most exhaustive research into student attitudes toward debt and other issues related to the effect of top-up fees. “My personal concerns are very much about the low-income groups. That’s why I’m sitting in a university like this one instead of on the other side of the river,” Callender said, blanketing a conference table with transparencies covered in colored bar graphs.

Among other things, these demonstrate her findings that students from poorer backgrounds have shouldered a larger share of the costs introduced in 1998 than students from wealthier families. But students from all backgrounds have accumulated spiraling debts. Between 1995 and 1998, the percentage of UK students taking out loans rose from 59 to 71. By 2001, 81 percent of students were borrowing to pay their way through school. And the debts of students graduating last year were two and a half times more than those who graduated five years earlier. Low-income students owed an average of about \$17,860, and higher-income students owed about \$12,520.

“Student debt is a class issue,” Callender said. “The policies are regressive, because poor students have to pay relatively more toward their education.”

The government insists that its new policies will actually encourage more students to consider higher education because they’ll no longer have to hand over any money in advance. This, the government says, will also put less financial pressure on these students’ families. The poorest students, the government points out, also will be eligible for aid that adds up to the full cost of tuition. It says that between 35 and 37 percent of students will have their full costs covered. (Today, 45 percent do.)

But Callender says it is less the reality than the perception about costs—and, particularly, debt—that makes low-income students four times less likely to go to college than wealthier students. Of 2,000 prospective students surveyed, those from low social classes said they were more likely to be discouraged from going to college because of their fear of incurring debt. The government’s new policies “are predicated on the accumulation of debt and thus are in danger of deterring the very students at the heart of their widening participation policies,” Callender said.

Like many critics of top-up fees, Callender especially resents the fact that universities will be allowed for the first time to charge different tuitions depending on the perceived value of their programs. Creating a competitive market for higher education risks further dividing people by class and income, critics say. Almost two-thirds of students surveyed said they would have gone to a different university if their first choice charged tuition of \$5,520, and 72 percent of low- and middle-income parents said that, given the choice between two universities with different fees, their children were likely

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to choose the cheaper. “In an ideal world they should pick the best institution they can get into,” rather than the cheapest, Callender said.

Points like these drove much of the political opposition to top-up fees. Already facing intense criticism of his decision to go to war in Iraq, Prime Minister Tony Blair postponed the vote from early December until January, concerned he didn't have the votes to pass the idea and mindful that, if he lost, he faced the prospect of a full-scale vote of no confidence. When the roll call ended in January and the smoke cleared, many of his own party members had bolted, but Blair still won by the razor-thin margin of 316 to 311.

An alternative measure that would have increased income taxes on the highest-earning Britons also was proposed, but raising taxes to pay for universities was considered politically unpalatable in a country where people hold mixed feelings toward higher education. “There's no doubt about it that in Britain, higher education is not a popular thing,” said Ian Gibson, a Labour MP who opposed Blair. “Most people haven't been in it, and they think it's for the snotty kids. People are more concerned about transport, hospitals and other things. We don't talk about class in this country, but this is about class.”

Even though it was difficult to push through, raising students' share of university costs was less politically risky. Only 39 percent of students voted in the last election, a far smaller proportion than in the population at large (a good thing for Blair, considering that support among students for his Labour Party has dropped to a four-year low). Still, Blair is widely expected by political observers to face a backlash from middle-class parents after the new tuition system takes effect.

On the university side, the lobbying was dominated by the so-called Russell Group of universities, the elite schools including Oxford and Cambridge that had the most to gain from allowing tuition to be set at different levels.

Still, the outcome of the decision was in question until the vote. Seventy-two of his fellow Labour Party ministers voted against Blair, one of the biggest political revolts by members of a prime minister's own party in more than 50 years. As for the intensity of the debate, “I guess it's because people have always had higher education for free in this country,” said Gibson.

The comparison with the American system was a prominent part of the discussion. The *Guardian* newspaper asked critically: “Crudely put, are English universities to go down the American path or not?” Opponents imported Robert Reich, Bill Clinton's labor secretary and now a professor of social and economic policy at Brandeis University, to say that market forces had “corrupted” U.S. higher education and widened social divisions.

Yet by April, when opponents including Gibson offered an amendment that would have allowed universities to increase their tuition to a slightly lower \$4,600 a year, and not to vary it, Blair's margin had widened. That proposal was defeated, 316 to 288, and Gibson was derided publicly as “a bad loser” by fellow Labourite Barry Sheerman.

Gibson's own anger still simmers. In the end, he said, “supporters had to be mollified and mollified and mollified as the proposal seemed headed to defeat. When you look at the money coming in (to the universities), it's hardly anything. Tony Blair made the variable fee thing his job, or else.”

This leads to the next controversy: Now that the precedent has been set, will universities try to raise their tuition beyond the new \$5,520 limit? As another of its concessions to win votes, the government at the last minute promised that the universities would not be allowed to raise their prices without parliamentary approval. Skepticism runs rampant. “It's definitely a helpful gesture by the government, but this is a government that said it wasn't going to introduce top-up fees in the first place,” pointed out Gillian Slater, vice chancellor of Bournemouth University in the south of England, one of a small number of university officials who broke ranks and publicly raised objections to elements of the top-up fee plan.

Slater thinks top universities will soon begin to charge some \$18,400 to \$27,600 a year, making it possible for only the very rich to attend—or the very poor on full scholarships. “Once we concede the principal of variable fees, then the pressure to raise that cap will be very strong indeed,” she said.

Bournemouth, whose tidy campus sits at the edge of a quiet seaside retirement community, expects to charge the full \$5,520 when the new fees take effect. That will add between \$9.2 million and \$11 million to a budget of about \$120 million—not a particularly substantial increase. And, said Slater, “It is certainly going to cost quite a lot in the administering.”

About 1,300 of Bournemouth's 15,000 students are foreign, a proportion Slater said adds an important measure of diversity in an era of globalization. But non-EU foreign students also pay much higher tuition, something UK universities are already eyeing as they look for more ways to make up their persistent budget shortfalls. About 130 foreign students produce as much revenue as more than 1,300 UK and EU students.

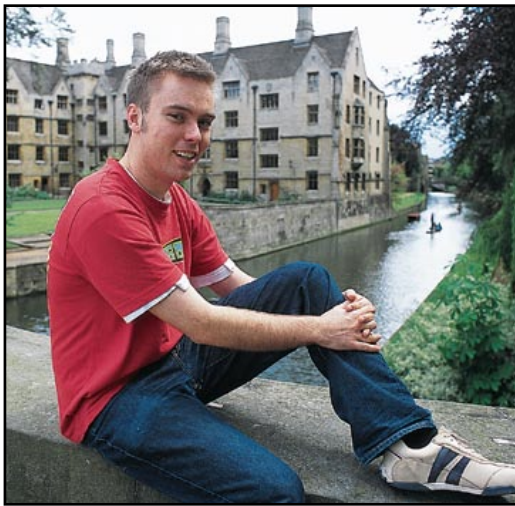
“I'm always wary when vice chancellors start speaking of trying to become global institutions when they're talking about student numbers,” said Ben Brinded, the student president at Cambridge, which has 3,500 foreign students. “It's important that we attract a foreign student population, but what I would be very wary of is a quota.”

Of course, it sounded like a quota when Oxford, in a memo that was leaked to a newspaper, instructed its admissions officers to cut the number of British students accepted by one percent a year over the next five years so it could increase the number of higher-paying foreign students. The number of non-EU students at British universities overall has already grown by nearly 50 percent over the last six years, compared to

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**Gillian Slater, vice chancellor of Bournemouth University, fears the new policy will lead to the very rich attending “top universities.”**



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a 15 percent increase in the number of British undergraduates.

Like foreign student tuition, the tuition paid by graduate students is also not regulated by the government. Oxford plans to increase its graduate student enrollment by two percent a year, which means that graduate students would outnumber undergraduates there by 2016. University College London has announced that it will increase the proportion of graduate students from 37 percent

to 50 percent and increase the proportion of students from outside the EU from 21 percent to 25 percent. Graduate students already outnumber undergraduates at the London School of Economics by nearly two to one.

The government’s plan to keep an eye on the economic and racial diversity of students is called the Office for Fair Access (OFFA), also known as the regulator. But its role remains vague, drawing still more criticism. After the vote, it was revealed that OFFA would have to share the Bristol headquarters of another higher education organization and borrow its staff. “My reading of the situation is that the universities don’t want it to have power,” said Brinded. “For any regulator to have power, it needs to have teeth.” And as one parliamentary critic of the regulator said, OFFA has “fewer teeth than a Glasgow granny.”

Nor can middle-income families count on help from OFFA, said Slater, the vice chancellor at Bournemouth, where a third of the students come from the middle classes. “I don’t think we’re going to know what that office is going to do. I can’t see it keeping an eye on the children of middle England,” she said with an arched brow. “That’s not fashionable, is it?”

Universities are readying themselves to compete in an open market. Most say they will likely charge the full \$5,520, resisting the impulse to attract students based on price. Some say their alumni, regarding it as a referendum on the value of their degrees, have pressured them to charge the full amount.

Most schools will compete not on the basis of price, but by dangling financial aid and other perks before the most desirable students. One has considered offering free laptop computers and sports club memberships. Others are taking a more subtle approach. “We do have to compete for students now, but we regard the fact that our graduates go out to employment with good salaries as probably the selling point when they’re assessing the value of what they’re getting for their investment,” said Slater.

Now fresh concern is arising that the value of university

degrees may not justify the increased cost to students. Political economists Phillip Brown of Cardiff University and Anthony Hesketh of Lancaster University raised the prospect of a “graduate glut,” contending that the government, in its drive to increase university participation, has overestimated the demand for university-educated workers.

Brown and Hesketh reported that starting salaries for UK university graduates have actually fallen. One newspaper pointed out with irony that millionaire entrepreneur Richard Branson and soccer star David Beckham never went to college—and that, in Britain, plumbers earn more than many university graduates.

The Universities and Colleges Admissions Service and the Council for Industry and Higher Education have already scrambled to publish the first brochure designed to convince students that a university education is worth the money. Called “The Value of Higher Education,” it promises its young readers that going to college will bring personal as well as financial rewards. That is part of a wider philosophical conversation provoked by the ongoing transformation of British higher education.

Behind a black door a few feet down the street from Brinded’s student union office is Cambridge’s Department of Anglo Saxon, Norse and Celtic, a program that enrolls just 24 students. “What happens to courses like that?” Brinded asks. The top-up fees plan “further the perception that attending university is a financial investment. It is for some people, but not for everyone. A lot of people go to Cambridge and go and work as bankers in the city. But a lot of people go and work for charities. Universities have other roles: They make societies more tolerant, more successful. One of the problems with this bill is it doesn’t recognize that. There’s a debate that has to happen about the merits of the universities and what they’re here for, and we haven’t had that debate.”

Callender, too, resents what she calls the “totally utilitarian approach. Does that mean we should only have departments that teach knowledge that’s useful? It’s deeply sad if that happens, if the only thing I’m doing when I’m sitting here teaching is preparing my students for the labor market.”

She is convinced that, after 2010, the \$5,520 cap will be lifted, opening the way for university tuition to go higher still. “Some universities will go to the wall, and there will be a more differentiated higher education system along class and ethnic lines. Elitism will be reinforced. Both social class and disadvantage will be reinforced by these divisions between institutions and between students.” Slater, too, thinks a small group of universities will begin to charge American-level tuitions, while “a significant number” of other universities will be in trouble. The government has gone on notice that unpopular universities and subjects cannot count on being bailed out by taxpayers.

What will happen now, said MP Ian Gibson, is that “the rich kids will go to the richer universities. It will be like Harvard and Yale. What it’s going to do is bring in a market—like you have in the States.” ♦

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