

# University challenge

The funding of higher education in the UK is under review, and facing a radical rethink.

The axe is going to fall. The UK's extraordinary new government — a coalition of Conservatives and Liberal Democrats in which, nearly three months after its creation, the cracks are yet to show — faces an extraordinary financial crisis. Funding across all government departments is set to be slashed by, on average, 25%. The UK's research community is braced for cuts, and academic researchers are also facing uncertainty over the future of Britain's universities. Last month, Business Secretary Vince Cable gave his first important speech on the university system — he entitled it 'The looming crisis'.

The problem is that the maths just isn't working. Student numbers were expanded substantially under the previous Labour government, who set a target that 50% of the population should experience higher education. But, universities argue, present levels of funding are insufficient to match this extra demand. Since the early 1990s, student support in the UK has evolved from a system of free tuition plus a subsistence grant, to tuition fees and loans repayable through salary deductions, at a low level of interest, as soon as earnings exceed a certain threshold. Tuition fees are capped at slightly above £3,000 per year — not enough, say some of the larger institutions.

Cable has now signalled a shake-up, indicating that the government favours the introduction of a graduate tax, to replace student loans. This additional income tax is intended to claw more back from those whose degrees lead them into high-earning careers. Says Cable, "It surely can't be right that a teacher or care worker or research scientist is expected to pay the same graduate contribution as a top commercial lawyer or surgeon or City analyst whose graduate premium is so much bigger." There is of course a flipside: the disincentive of an increased tax burden, over a much longer period than that of student-loan repayment, that is likely to add to the allure of the 'brain drain' away from the UK and its tax system.

The funding of higher education and student finance are already subject to the Browne review, launched in November 2009 and expected to report in the autumn. Headed by Lord Browne, a former chief executive of BP, the review committee is scrutinizing submissions from, among others, the Russell group of 20 of the UK's largest universities



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(often considered a British equivalent of the USA's Ivy League, 18 of the 20 members feature in the top 20 universities as judged by research funding). The Russell group is pressing for an end to the government-ordered cap on tuition fees, advocating instead that universities should set their own prices.

Although underpinned by a similar philosophy to Cable's tax proposal — that those students making the most long-term gain from their studies should pay the most for their degrees — it has brought the unpopular word 'market' into the argument and provoked the accusation by the University and College Union (a trade union of university teachers) that this would be "the most regressive piece of education policy since the war". The British Medical Association, for one, is warning of the excessive debts likely to be faced by medical students in such a market. A US-style system of bursaries to alleviate higher fee levels would seem unworkable, as British universities mostly lack the kind of endowments through which it could be funded.

The proposed graduate tax has, however, garnered support from the National Union of Students. It suggests a 5% tax payable for 25 years when earnings exceed £15,000 (the average graduate starting salary is about £25,000) — a scheme that could, in the fullness of time, treble university revenues.

The time factor, however, is a major criticism raised by the Russell group: it will take so many years for that revenue to accrue that the government will be obliged in the meantime to provide some other means of funding.

All in all, the system of higher education in the UK is facing drastic revision. Cable has admitted that the target of 50% going to university is likely to be abandoned, and that some publicly funded universities may be allowed to fail, in the face of competition from private teaching institutions — these may proliferate under other proposals to introduce an external examination body in higher education.

Of the future of universities, Cable said, "We need to rethink how we fund them, and what we expect them to deliver for the public support they receive." That aspect of 'what a university should deliver' has been too much overlooked in debate so far. Certainly, a more highly skilled workforce is needed than ever before, particularly in a tertiary economy like that of the UK, which has moved so resolutely away from manufacturing and heavy industry. If a new 'marketplace' evolves in higher education, it is to be hoped that the study of science does not appear a less financially attractive option; nor, through market forces, lack the unforgiving academic rigour necessary to develop the next generation of capable scientists. □