

INTELLIGENCE BRIEF:

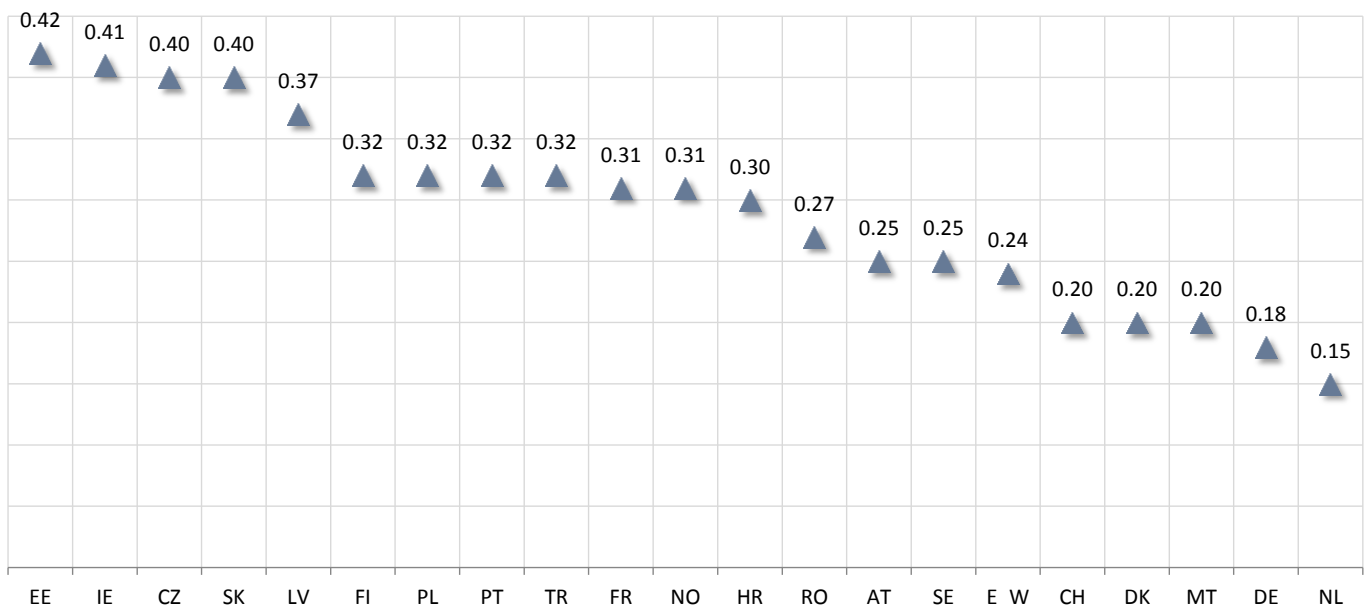
# THE SIMILARITIES AND DIFFERENCES BETWEEN STUDENTS' INCOME<sup>1</sup>

The EUROSTUDENT project collates comparable student survey data on the social dimension of European higher education. It focuses on the socio-economic background and on the living conditions of students, but it also investigates temporary international mobility. The project strives to provide reliable and insightful cross-country comparisons. The data used here comes from the fourth round of EUROSTUDENT, for which data was collated in the years 2009 and 2010.

## To what extent do monthly income levels differ between students within a country?

Students may have more or less income than their counterparts within the same country. In order to view the distribution of total income between students in each country, we can analyze the levels of income disparity using the Gini coefficient. The Gini coefficient is a measure that highlights the concentration of income using a single value from 0 to 1: if there is no concentration of income at all (i.e. each income receiver has the same amount of income), the value of the Gini coefficient is 0. In case of maximum concentration, the Gini coefficient equals 1. That means the higher the concentration of income, the higher the Gini coefficient.

Figure 1 Gini coefficient for all students' total monthly income - students not living with parents<sup>2</sup>



Source: EUROSTUDENT IV, Subtopic F.5. No data: ES, IT, LT, SI.

As seen from Figure 1, the disparity of students' income differs greatly across the EUROSTUDENT countries.<sup>3</sup> On the one hand, in the Netherlands, Germany, Malta, Denmark and Switzerland, resources are distributed relatively evenly among the student population. On the other hand, in Estonia, Ireland, the Czech Republic, the Slovak Republic and Latvia, the concentration of income is quite high.

It is difficult to give a simple and at the same time satisfying explanation for the grouping of the countries. One of the possibilities is to look at the composition of students' income, because students' financial situations are affected by the availability of different sources of income.

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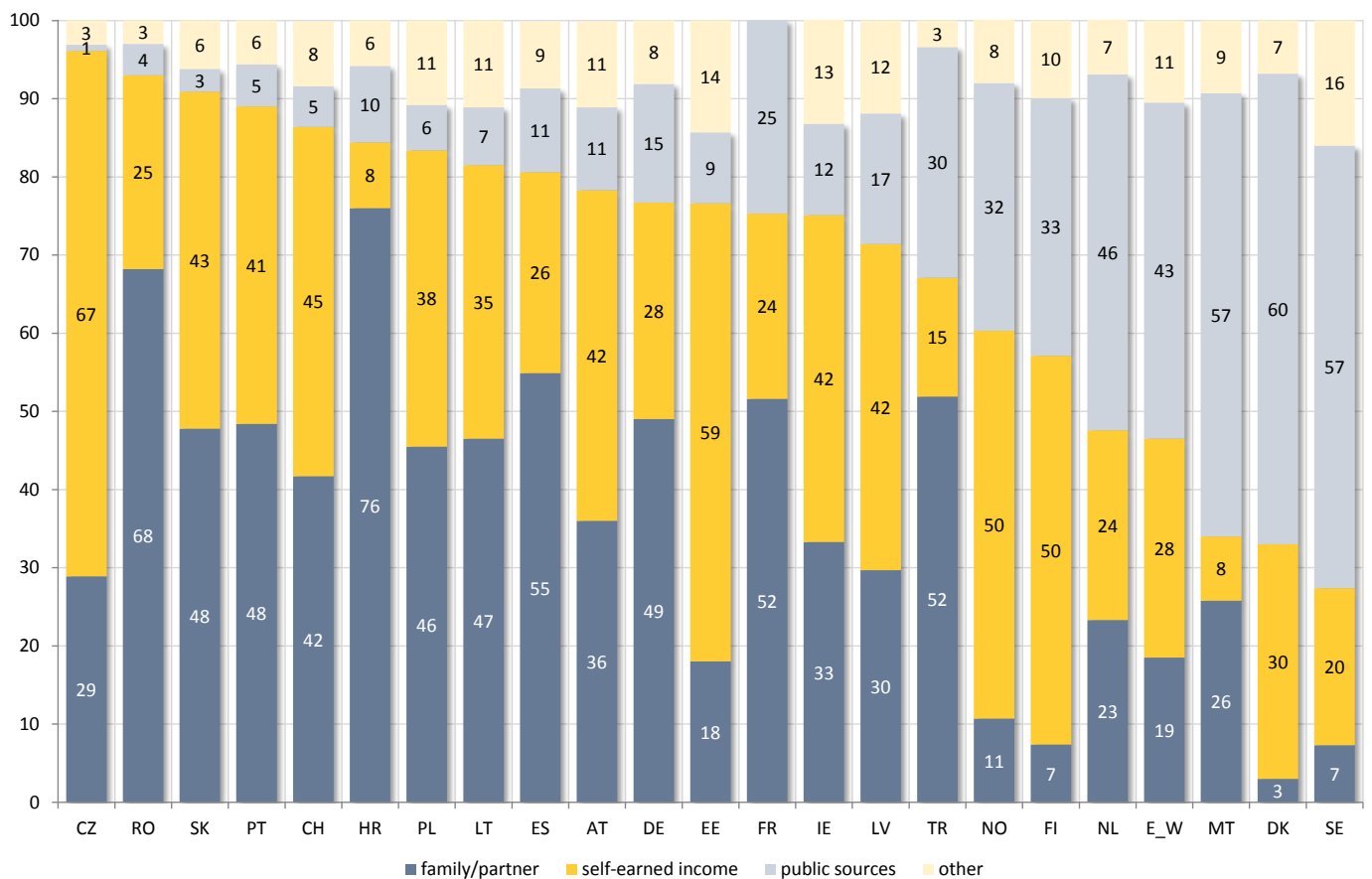
<sup>2</sup> We focus here only on students who are not living with their parents as this is the dominant form of housing for students in most countries.

<sup>3</sup> AT = Austria, CH = Switzerland, CZ = Czech Republic, DE = Germany, DK = Denmark, E/W = England/Wales, EE = Estonia, ES = Spain, FI = Finland, FR = France, HR = Croatia, IE = Ireland, IT = Italy, LT = Lithuania, LV = Latvia, MT = Malta, NL = Netherlands, NO = Norway, PL = Poland, PT = Portugal, RO = Romania, SE = Sweden, SI = Slovenia, SK = Slovakia, TR = Turkey.

## Is income disparity related to the main sources of student income?

In Figure 2 student income is grouped into 4 categories: contributions from family/partner, public support, self-earned income, other sources. The income data in Figure 2 is ranked by the share of income from private sources (family/partner & self-earned income) to highlight the predominant role of private sources in student funding. Across all countries, the combination of students' self-earned income and financial support from their families/partner accounts for more than three-quarters of students' aggregate income (if we disregard the "other" sources). On average, public support provides less than a quarter of all monthly income. This means that students' self-earned income and financial support from their family/partner are important factors for enabling participation in higher education.

Figure 2 Composition of all students' total monthly income - students not living with parents



Source: EUROSTUDENT IV, Subtopic F.1. No data: FR (category 'other'), IT, SI.

It is interesting to explore the importance of income sources in relation to the income disparity shown in Figure 1. The importance of public support for student income in Denmark, Malta and The Netherlands appears to be positively related to income balance, i.e. these countries are on the right-hand side of Figure 1. The cases of Germany and Switzerland appear to contradict this pattern. In Germany public support amounts only to 15% of students' total income and in Switzerland public support accounts for even less. In both of these countries, between two-fifths and almost a half of students' income comes from family/partner support. But it is important to keep in mind that in some countries (e.g. Germany), parents are obliged to support their children by law and in return they are provided with child support, tax reliefs or other benefits by the state, so an important share of the family support in students' income might actually still come from public sources.

In both Estonia and the Czech Republic there is a high disparity in income between students. Students in these countries have the highest dependency on self-earned income, which may explain this high level of disparity in total income. The same goes for Ireland and Latvia – albeit on a lower level with respect to dependency on self-

earned income. In Slovakia the level of self-earned income is also high, which may affect income disparity for students; however family support is even higher, making the picture less clear.

## The general debate

One of the main questions that arise when looking at students' financial situations is their reliance on public or private income sources. How a society treats its citizens will underpin its student support systems – e.g. are students conceived of as independent individuals or dependants of their family? Schwarz & Rehburg<sup>4</sup> identified four main conceptions of students influencing public support systems in different countries: students as responsible citizens, as young learners, as children sheltered by their families or as investors in their future.

The continuing significance of family support for funding students' higher education must be called into question in the face of drives to diversify the student population. The wish or need to open up higher education systems to wider population groups which may be currently underrepresented, and the underlying trend towards an aging population in many countries, may result in a future student population which is more heterogeneous than today. But this could be a challenge to student funding, especially if it is predominantly based on private sources.

For instance, mature students are less likely to be financially supported by their parents, and for potential students from low social backgrounds this source may be insufficient. This may result in a call for more public support in order to enable certain groups of potential students to participate in higher education on a larger scale. In recognition of this fact, policy-makers may consider changing support systems (e.g. altering the balance between public and private sources). However, the underlying conception of a student in society may mean that changing the support system is not a straightforward matter.

## EUROSTUDENT IV Data set

Of course, there are other important questions when talking about students' financial resources: How high is students' total income per month and how does it differ by student characteristics? Does gender play an important role in students' income? What differences do we see between Bachelor and Master students? What are the differences in income and income sources between students of different socioeconomic backgrounds? Is the public support that students receive repayable or non-repayable? Are existing student support systems appropriate to new student populations? EUROSTUDENT provides some of these analyses in the comparative report Orr, D.; Gwosć, C.; Netz, N. (2011): Social and economic conditions of student life in Europe. W. Bertelsmann Verlag, Bielefeld. The EUROSTUDENT data base allows users to explore country data by topic area and in comparison between countries. See our website for more details: [www.eurostudent.eu](http://www.eurostudent.eu).



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<sup>4</sup> Schwarz, S. & Rehburg, M., 2004. Study Costs and Direct Public Student Support in 16 European Countries — Towards a European Higher Education Area? *European Journal of Education*, Vol. 39, No. 4, 2004.