

The relationship between Student Funding Policy and Student Welfare

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Presentation outline

1. Student social rights – introduction to the Student Support and Fees Dataset
2. Student Funding policy and student welfare – study design
3. Student Funding policy and student welfare – preliminary findings
4. Data problems and future research prospects

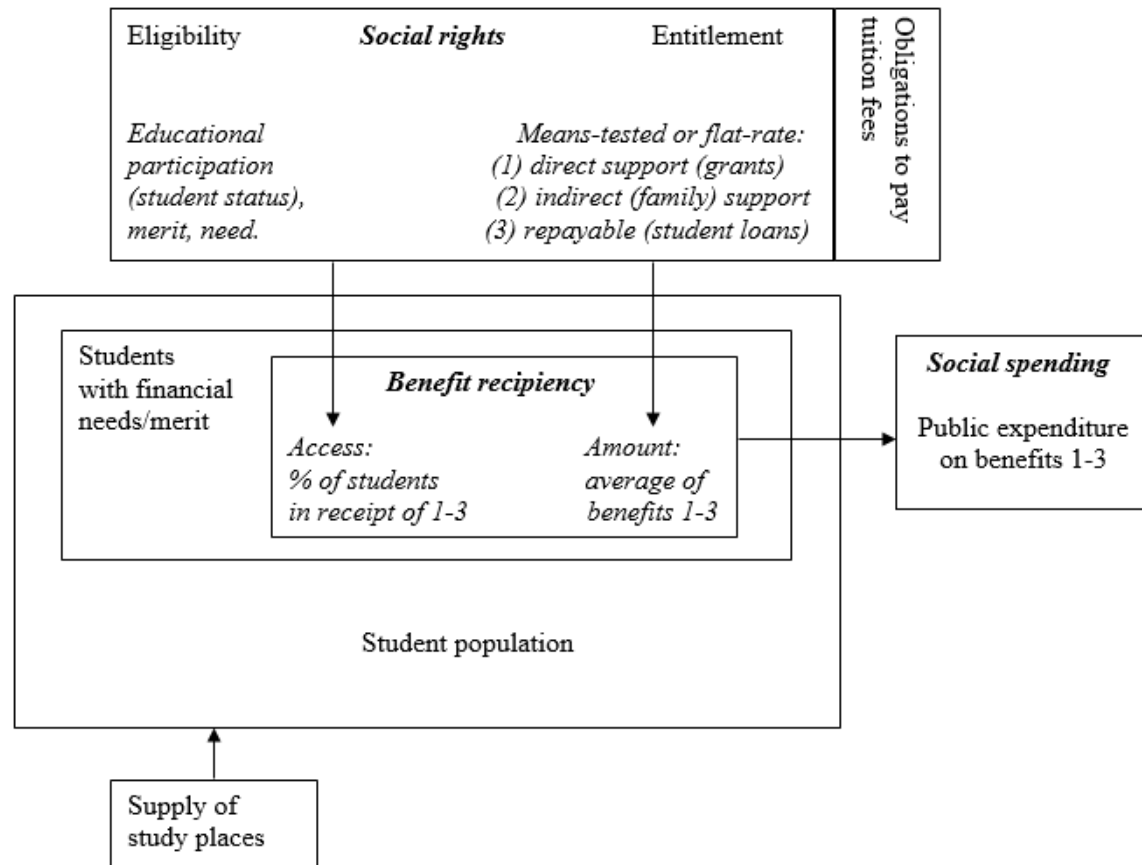
Student funding – types of indicators

(based on van Oorschot, 2013)

Policy outputs - not outcomes.

The focus is on political decisions regarding social policy aspects of student funding systems.

Student social rights - state-financed, legal entitlements to financial benefits, diminished by the obligations to pay tuition fees (Czarnecki, Korpi, and Nelson, 2021).



Student Support and Fees Dataset – 2005, 2010, 2015, (2020)

Using national legislation and other sources, we have calculated entitlements to state-financed benefits and the amount of mandatory tuition fees for students from the three model-typical families:

- 1) one parent employed, total family income=Average Production Worker's Wage (low income),
- 2) one parent employed, tfi=50% of APW (very low income),
- 3) two parents employed, tfi=200% of APW (middle income).

Common characteristics of the families and students:

- Family 2+2, only wage income, no wealth
- Undergraduate, full-time, engineering/medicine/sociology
- 20 years-old, 1st, 2nd, or 3rd study year
- Living away from family, but in the same agglomeration (capital city)
- Average study performance
- No student work

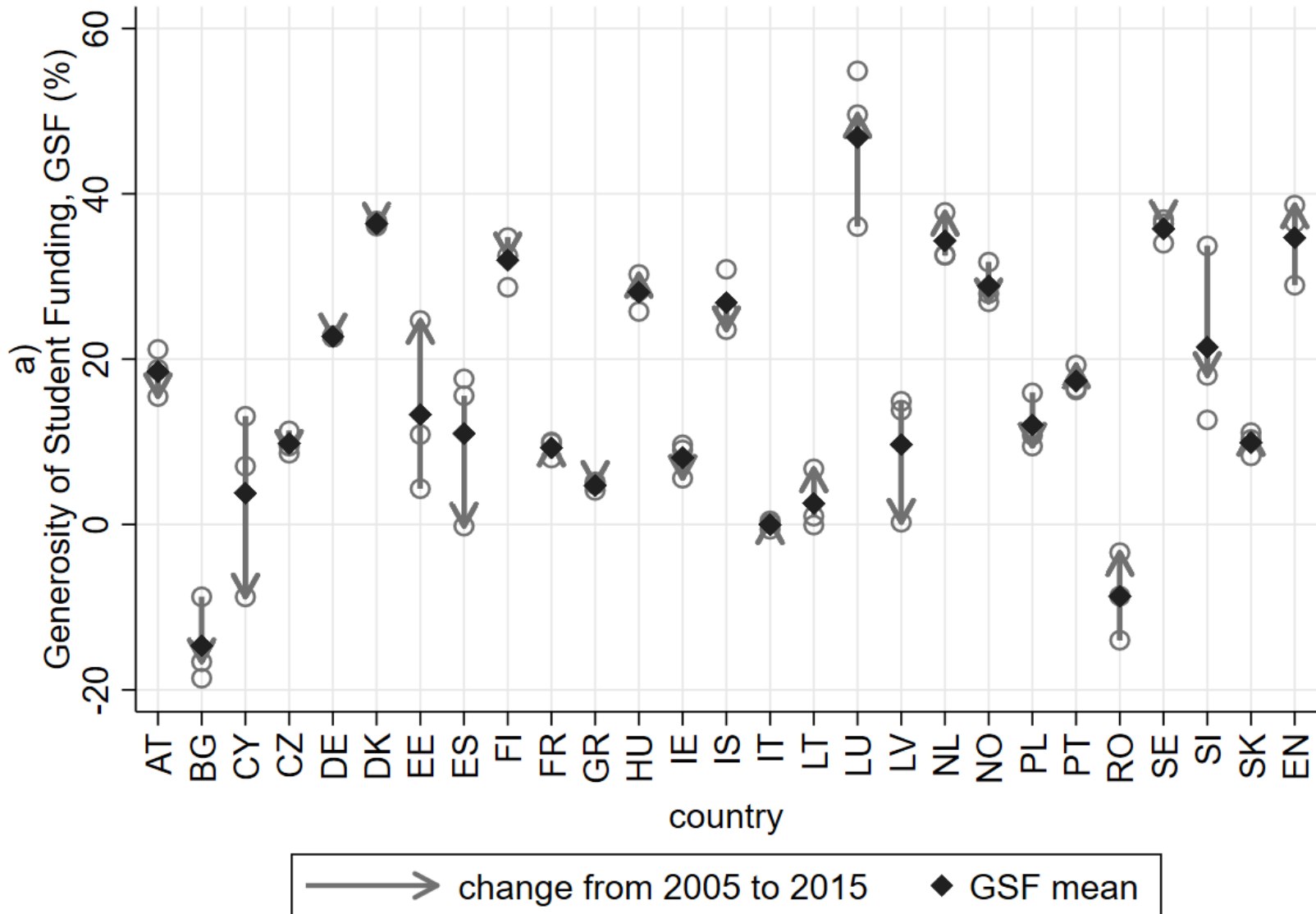
www.spin.su.se/datasets/ssfd

Social rights measurement (England, 2015)

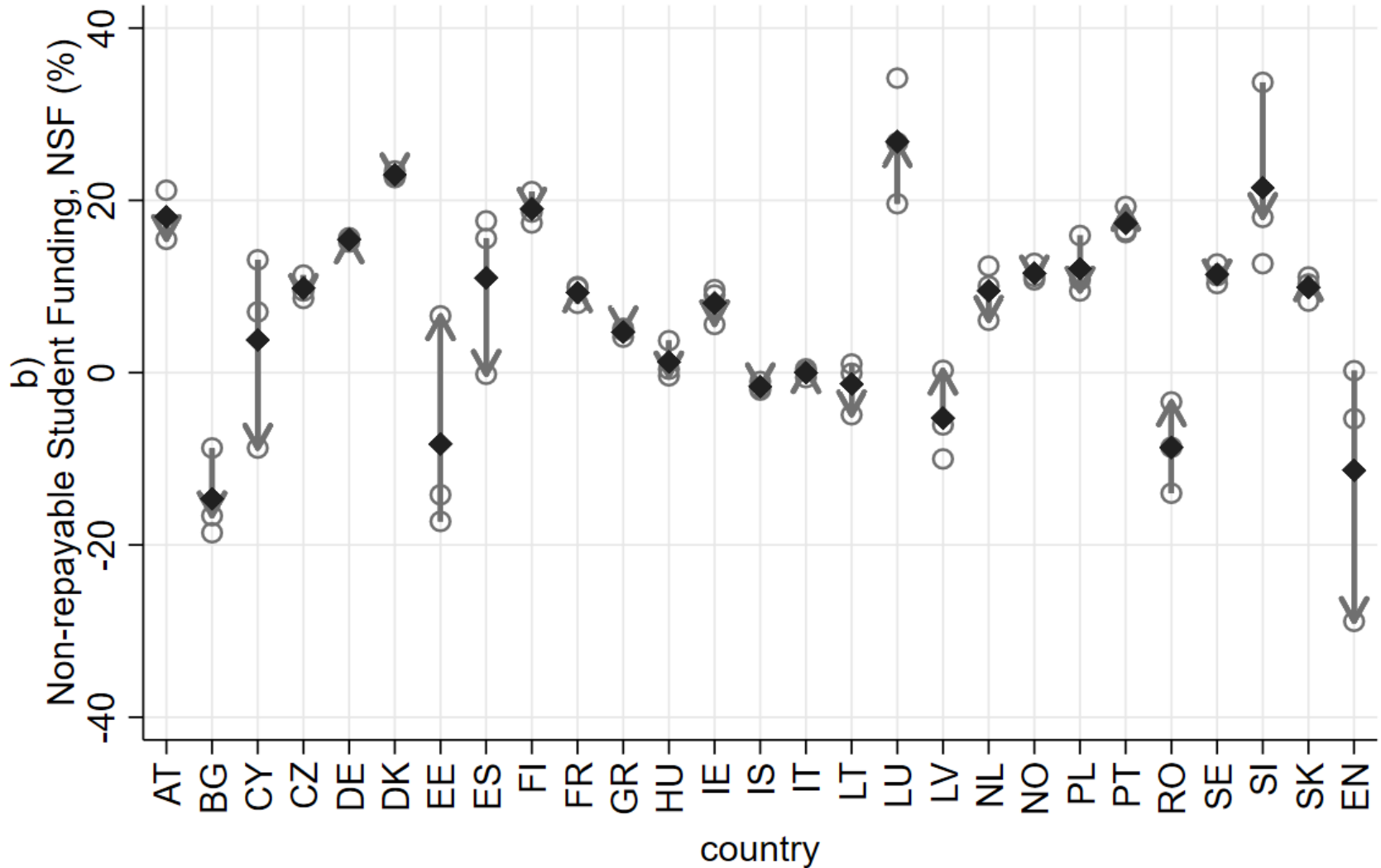
<u>Student:</u> Undergraduate, 20 y/o, full-time at public institution, with no income, not living with parents			
	Family income of families of 4 (gross, annual), reference income gross APW, national currency:		
	13872 (50% APW)	27743 (100% APW)	55487 (200% APW)
<i>Student support and fees:</i>			
<i>Maintenance grant (London rate)</i>	3387	2441	0
<i>Bursary</i>	300	0	0
<i>Tuition fee</i>	9000	9000	9000
<i>Tax credits and fee discounts</i>	-	-	-
<i>Maintenance loan</i>	7445	7602	6755
<i>Tuition fee loan</i>	9000	9000	9000
<u><i>Net support:</i></u>	<u>11132</u>	<u>10043</u>	<u>6755</u>
<u>Social rights indicator:</u> <i>(divided by NET APW)</i>	58,6%	41,7%	15,4%
<i>Country indicator: average of % for 3 families</i>	38,5%		

Indicators calculated for 32 affluent, democratic countries, for 2005, 2010 and 2015. Notable countries excluded: Belgium, Switzerland, the United States. No merit-based grants, and no in-kind benefits.

Changes in student social rights, 2005-2015

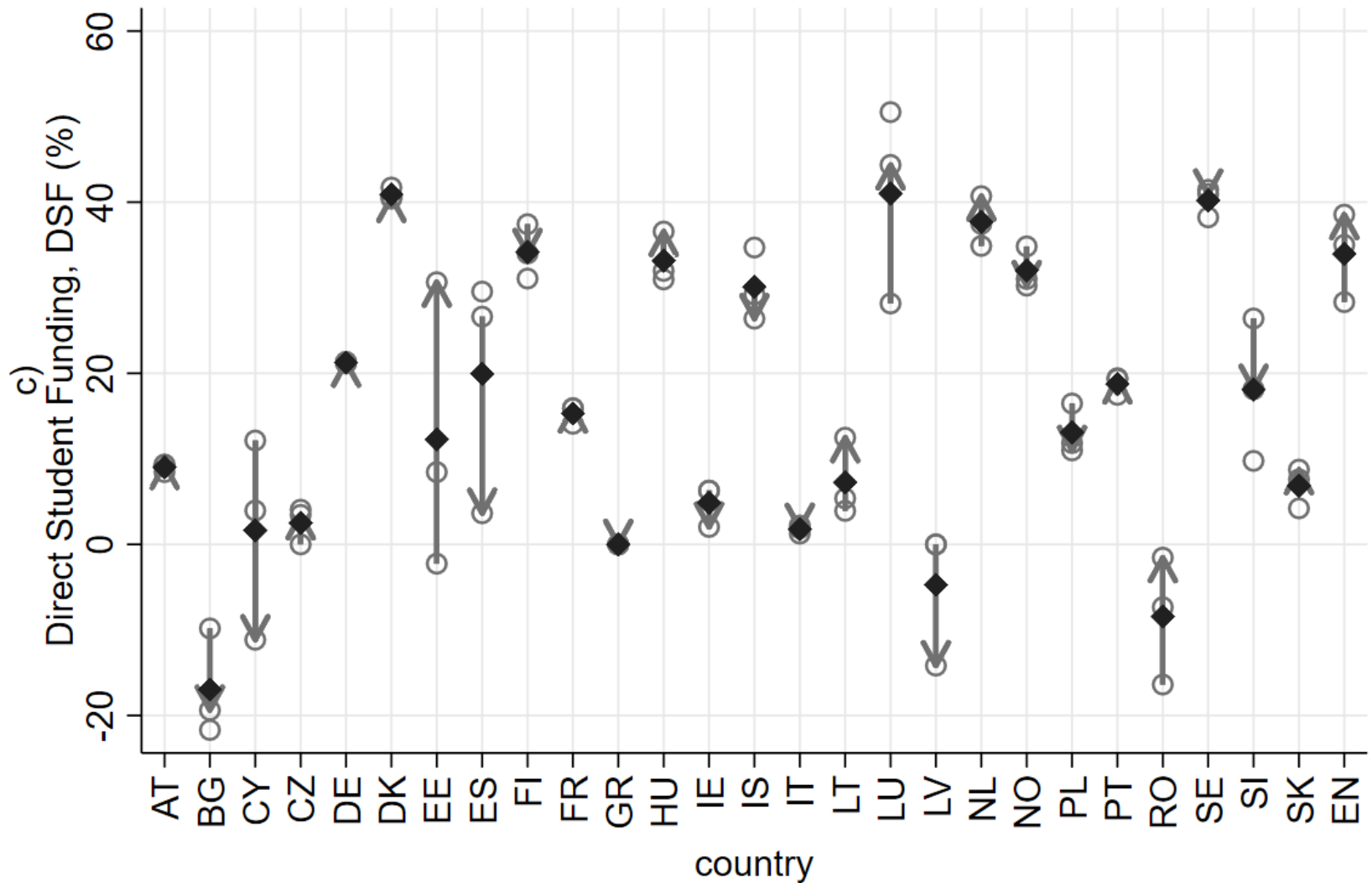


Changes in student social rights (non-repayable support), 2005-2015



→ change from 2005 to 2015 ◆ NSF mean

Changes in student social rights (direct support), 2005-2015



Political Party Families and Student Social Rights – *Journal of European Social Policy* (2022) 32:3

New concepts for the comparison of student funding systems:

1. **Decommodification** - the financial capacity to study in higher education does not depend on present or future labour incomes of students or their families (Esping-Andersen, 1990).
2. **Individualization** (vs. familialization) – students are granted social citizenship, and can cover their study costs without any financial reliance on their families, i.e. have a capacity to start independent adulthood (Chevalier, 2016).
3. **Social Rights Distribution** - the extent to which the fee and benefit amounts vary depending on the family income. *The degree of targeting*, i.e. skewness of the benefit and fee amounts towards low-income, + *grant reciprocity rate*. From strongly targeted, means-tested to universal, flat-rate benefits.

What are the cross-country differences (2015)?



The relationship between student funding policy (SFP) and student welfare

RQ₁: What is the impact of SFP on student a) objective / b) subjective economic well-being?

RQ₂: What is the impact of SFP on student welfare mix?

RQ₃: Can the relationship between SFP and economic well-being be explained by the adjustments in student welfare mix?

Why is this important?

1. Less state funding → more time at work → worse study outcomes like performance or graduation on time.
2. Less state funding → more parental support → less individual autonomy or worse well-being.
3. Less state funding → worse economic well-being (higher poverty rates) once other income sources are limited → worse study outcomes and quality of life
4. More state funding → more public expenditures → potential inefficiencies in absence of positive effects on well-being (economic or else)

Importance of the current context:

- Growing social inequalities,
- Rising costs of living,
- Increasing budgetary pressures on higher education given other fiscal priorities,
- Saturation on graduate labour markets in some countries (hence potential problems with debt repayments).

Previous research

Cross-country comparative work:

- “Youth welfare mix” (Antonucci et al., 2014) and “youth social citizenship” (Chevalier, 2018): countries meet the needs of young adults in different ways, with the welfare state either supporting or delaying transitions to independent adulthood (also: Attias-Donfut et al., 2005; Biggart & Kovacheva, 2006; Walther, 2006).
- Antonucci: ideologies underpinning the welfare state influence the extent to which young adults rely on the state for social participation and economic security.
- Chevalier: familiarisation of welfare – young adults in some countries are considered as children and rarely receive state support directly.
- Comparative studies on the impact of student funding systems on student welfare are virtually lacking.

Furthermore:

- There are substitution/compensatory effects between intergenerational money transfers within families and public provisions (Majamaa, 2011; Abbott et al., 2018).
- The impact of public transfers on student labour is unclear (Broton et al., 2016; Czarnecki & Litwiński, *in review*), and may depend on funding composition (Christou & Haliassos, 2006; Joensen & Mattana, 2019).

Data and methods

Cross-country, comparative approach.

Student Support and Fees Dataset (policy variables) + Eurostudent (student welfare)

2010-2022 with 4 time-points:

- Eurostudent V (survey year 2013) & SSFD2010
- Eurostudent VI (2016) & SSFD2015
- Eurostudent VII (2019) & SSFD2018 (new year)
- Eurostudent VIII (2022) & SSFD2020 (new year)

Ca. 20 countries.

1. Macro (preliminary) analysis – regression using available indicators (only 2 time points – no Eurostudent data matching SSFD2005)
2. Micro – multi-level panel regression with random effects (accounting for student heterogeneity), 4 time points

Measurement

SSFD:

- 1) Generosity of Student Funding (total support net of fees as a share of family incomes),
- 2) Defamilisation (Direct Student Funding) – GSF disregarding indirect support.
- 3) Decommodification (non-repayable support net of fees as a share of 67% of average wage).

Eurostudent:

1) Economic well-being:

- objective – average total income incl. transfers in kind, in PPP (bachelor students),
- subjective – financial security, as share of students (not) experiencing financial difficulties (all students)

2) Welfare mix: average share of total income received from a) family, b) labour/self-earned, c) state (public support)

- Total income data for samples including all students are available only since Eurostudent VI (2016). Hence the analysis of objective economic well-being concerns only bachelor students not living with parents.

Control variables:

- 1) % of part-time students (Eurostat),
- 2) 67% of average annual net earnings of a single person without children, in PPS (Eurostat),
- 3) Youth unemployment rate, 20-29 y/o (LFS, Eurostat).
- 4) Gross National Income

Hypotheses

Assumptions:

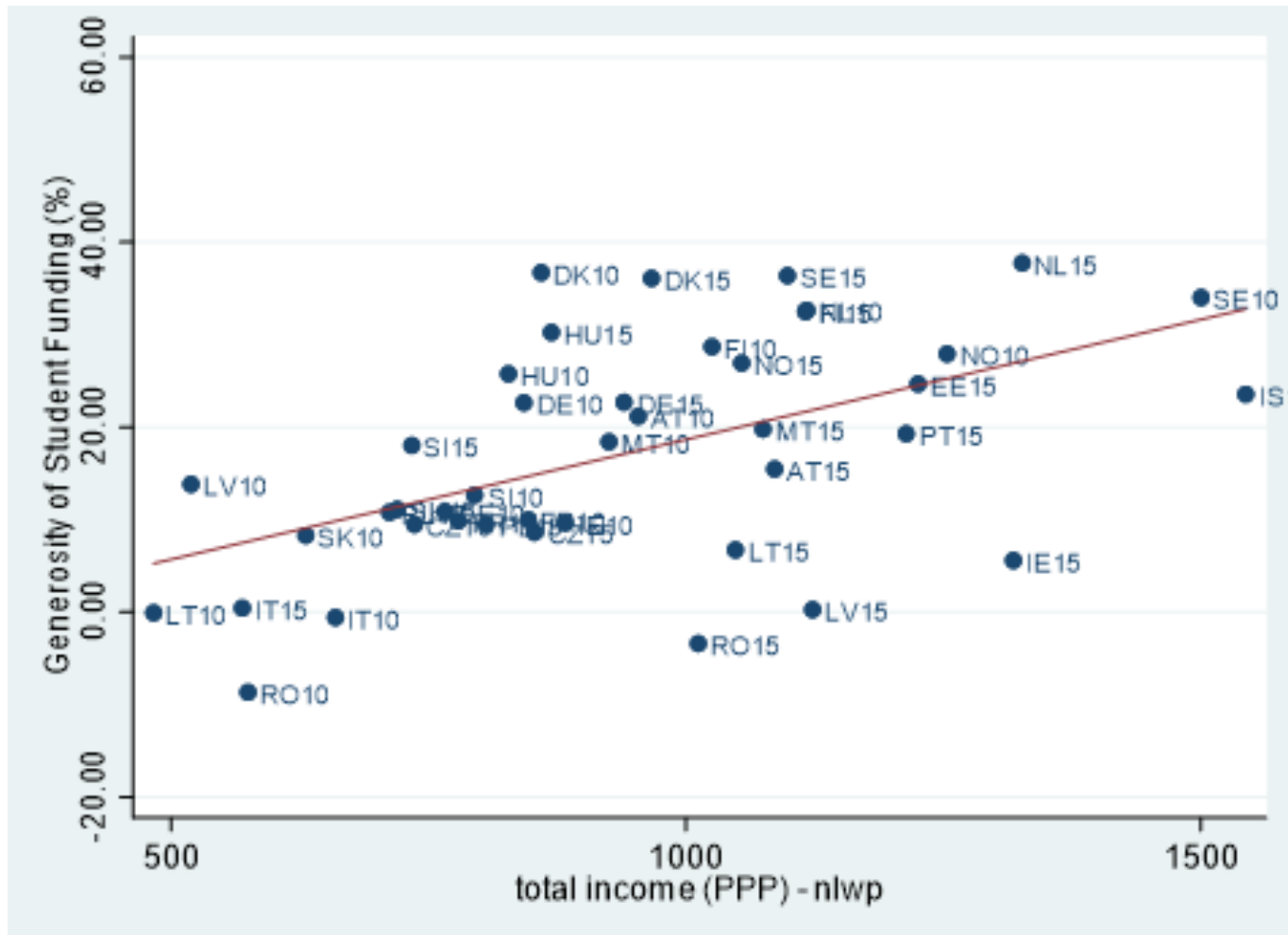
- 1) Macro: student heterogeneity disregarded (except the housing situation).
- 2) Students are not income maximizers.
- 3) Substitution effects between different sources of student welfare mix (labour, family, state).

H1. Generosity of student social rights has no impact on student income levels.

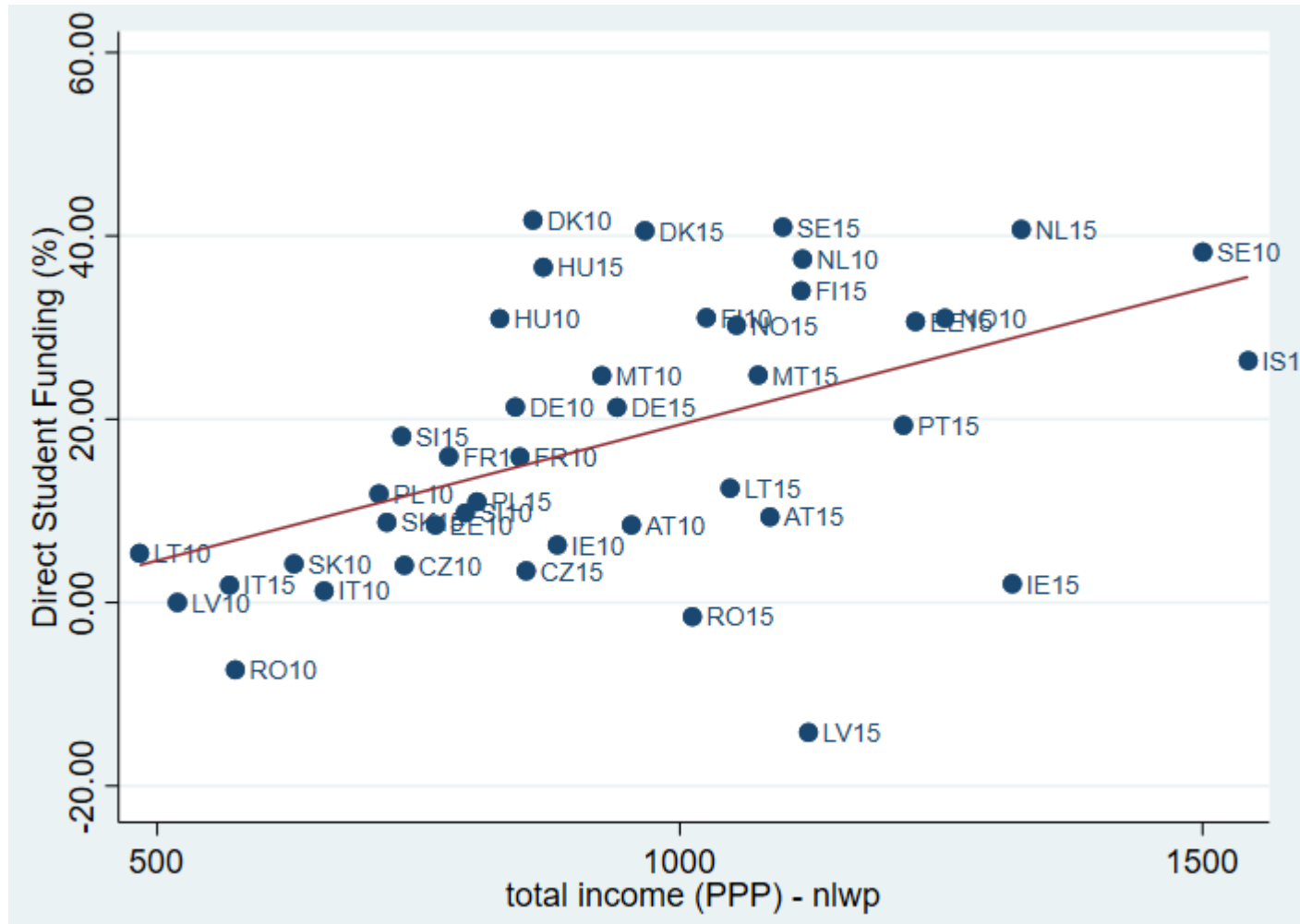
H2. H1, disregarding indirect support, can be explained by the equivalent reduction of the share of family transfers in total income and the increase of the share of public transfers in total income, whereas self-earned income remains stable.

H3. Decommmodification (non-repayable support net of fees) is positively related to student financial security.

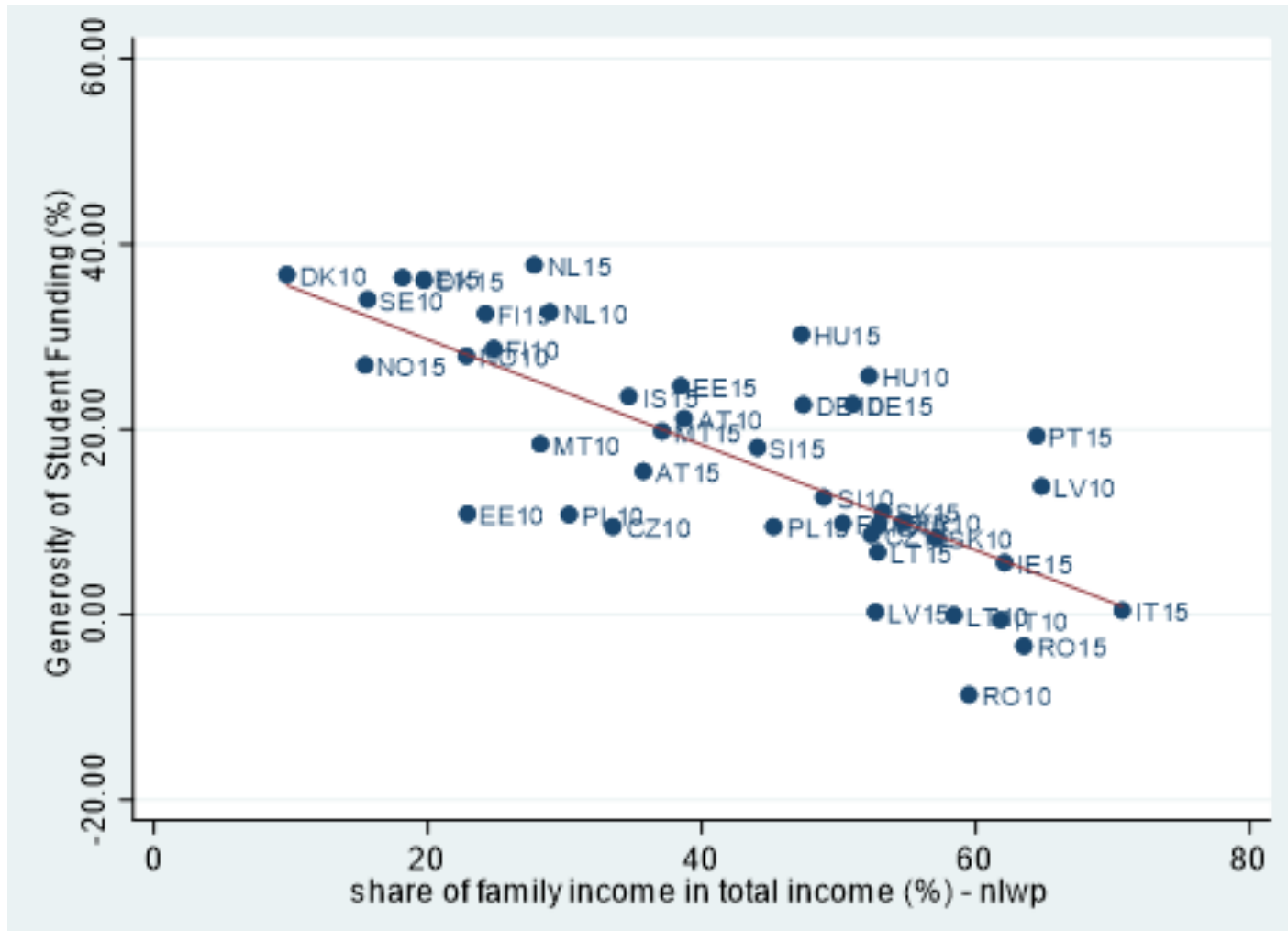
RQ1. SFP and student total income ($B=.35^{**}$)



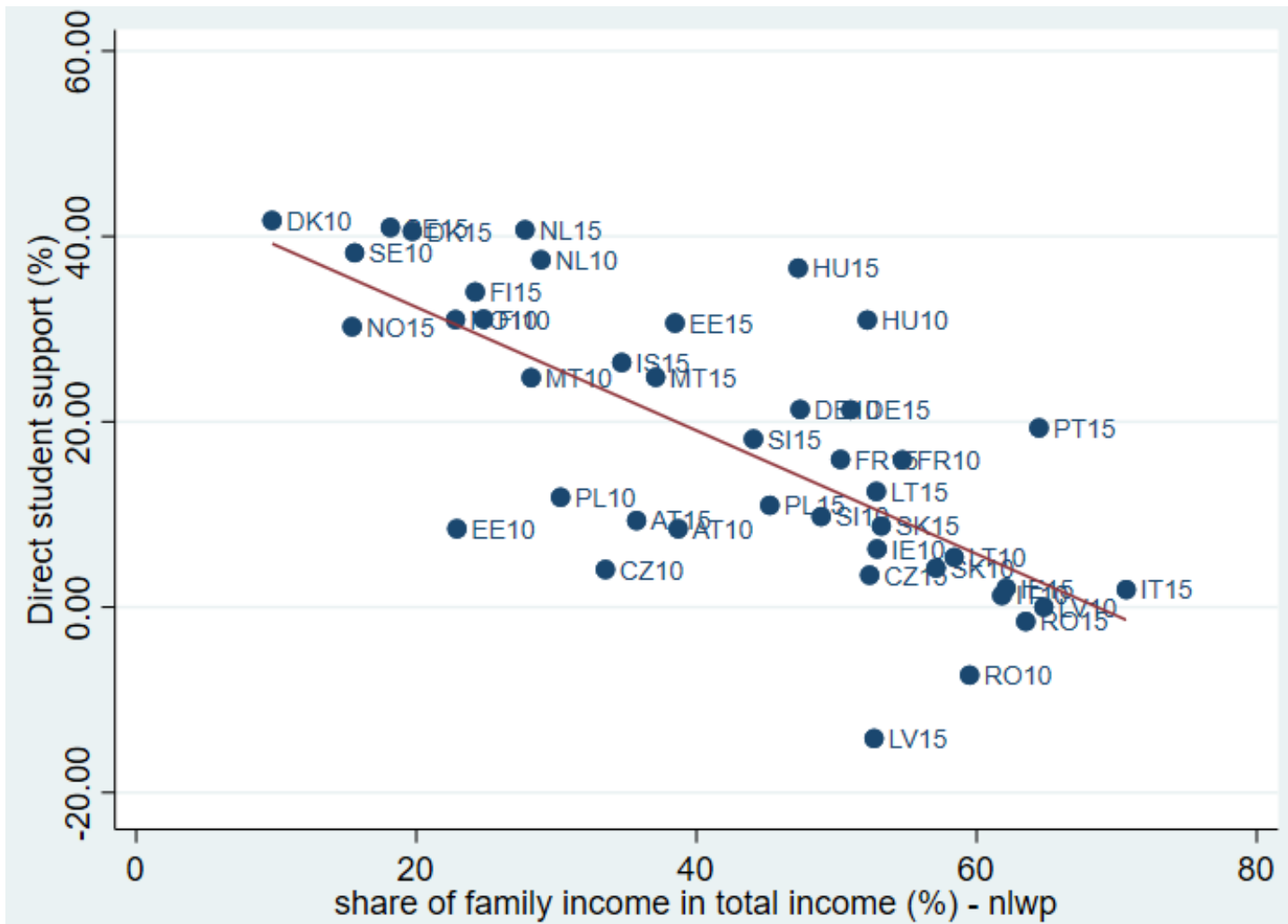
RQ1. Defamilisation and student total income ($B=.31^{**}$)



RQ2. SFP and share of parental transfers ($B = -.68^{***}$)

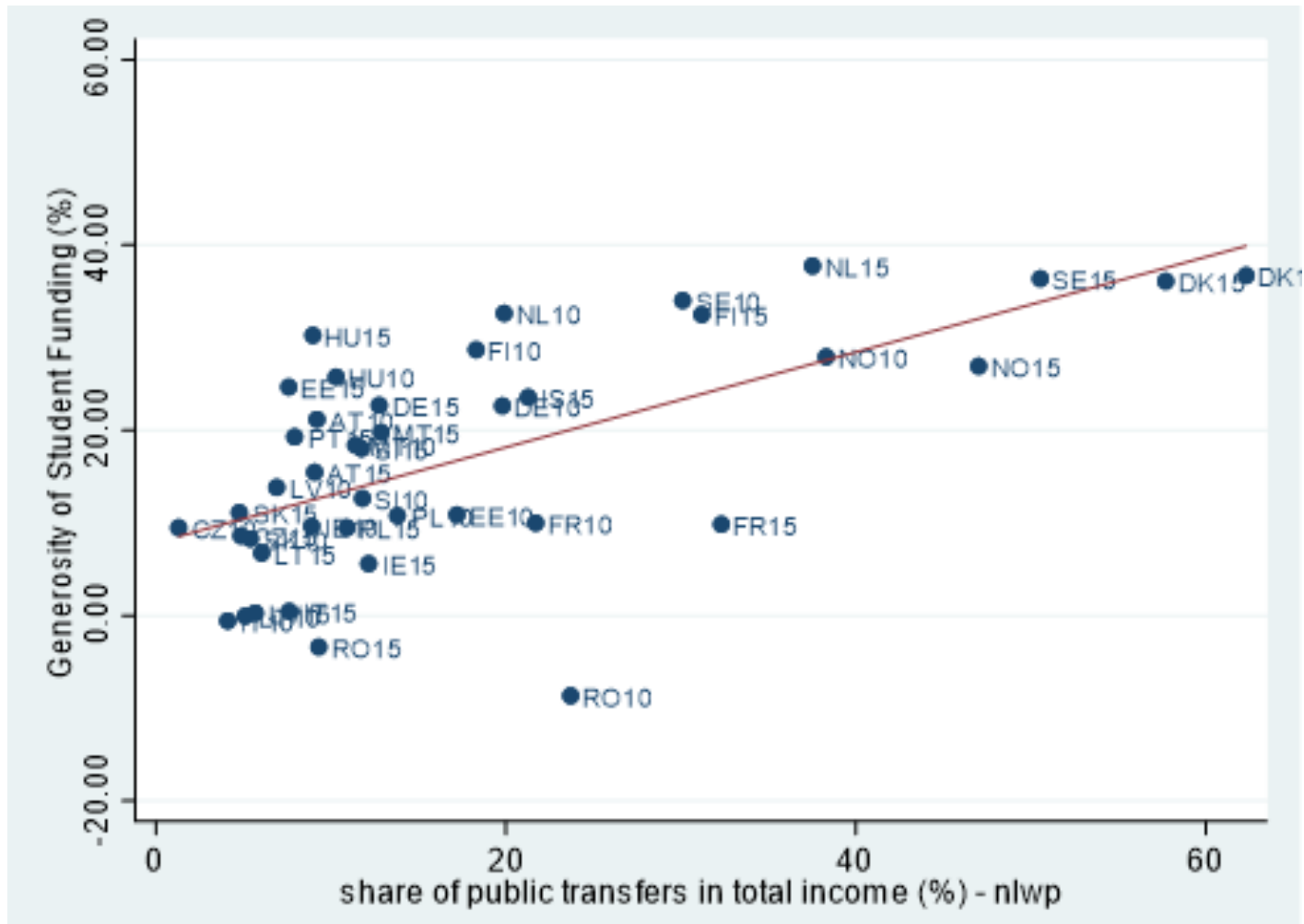


RQ2. Defamilisation and the share of parental transfers (B=-.68***)

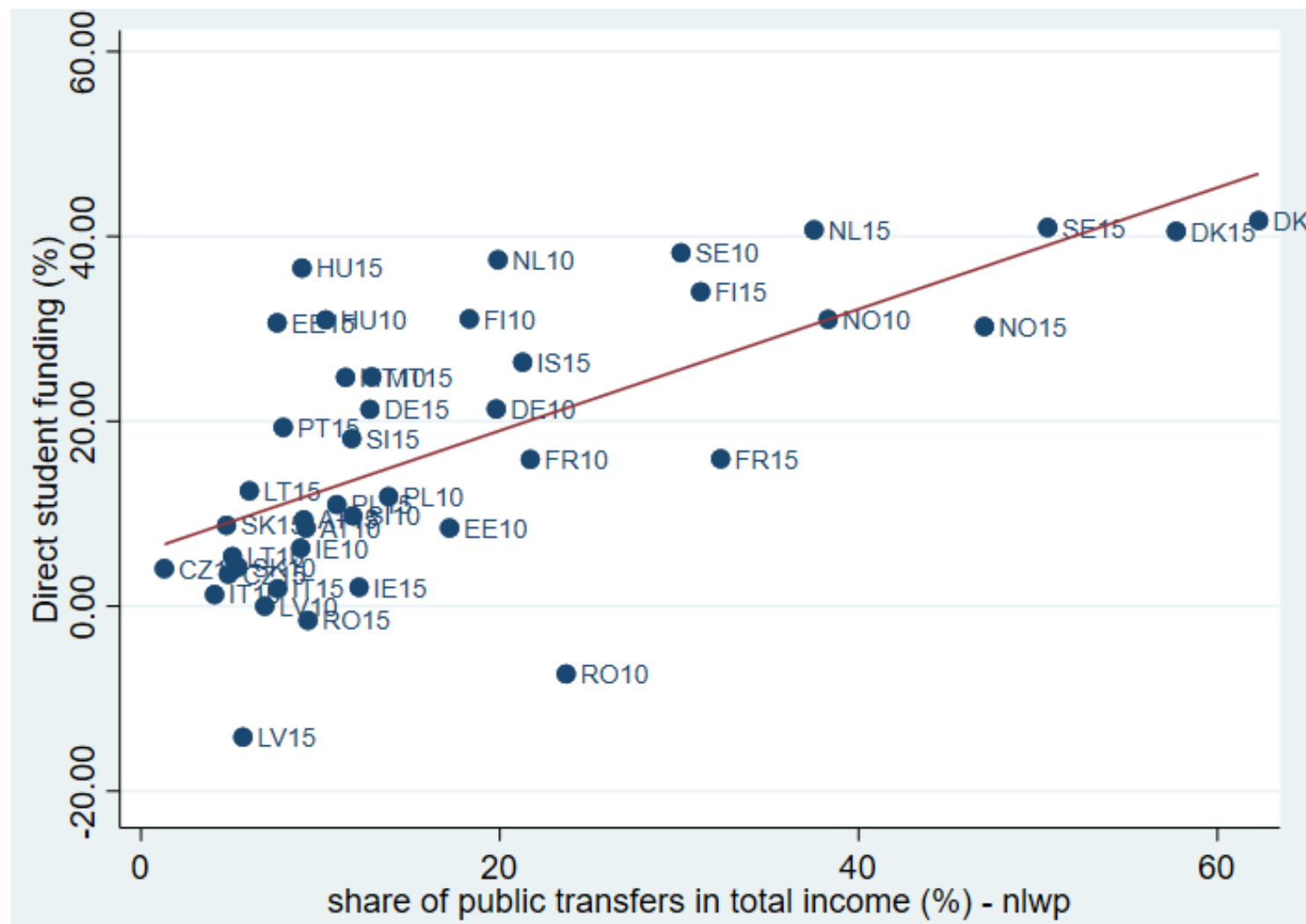


RQ2. SFP and the share of public transfers

($B=.40^{***}$)



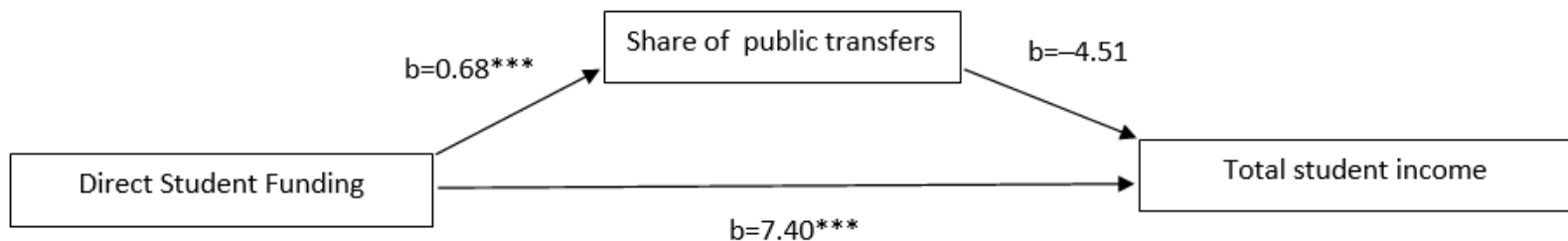
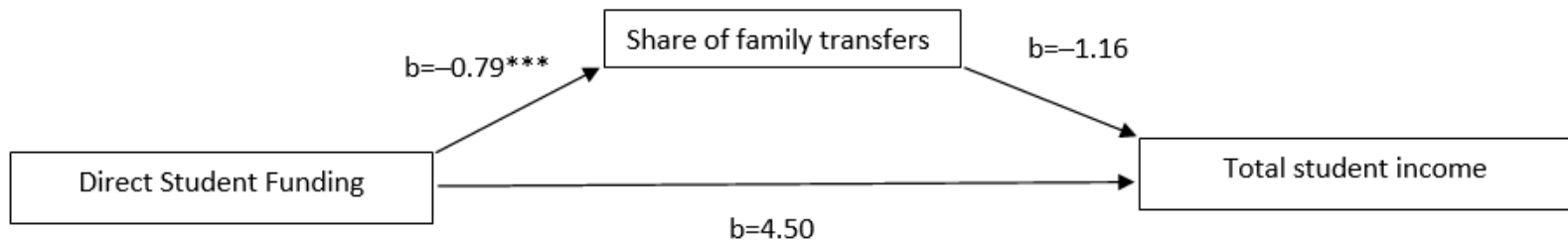
RQ2. Defamilisation and the share of public transfers (B=.47***)



RQ₃. SFP and total income – mediation by welfare mix

- Second condition: negative (positive) relationship between total income and the share of family (public) transfers.

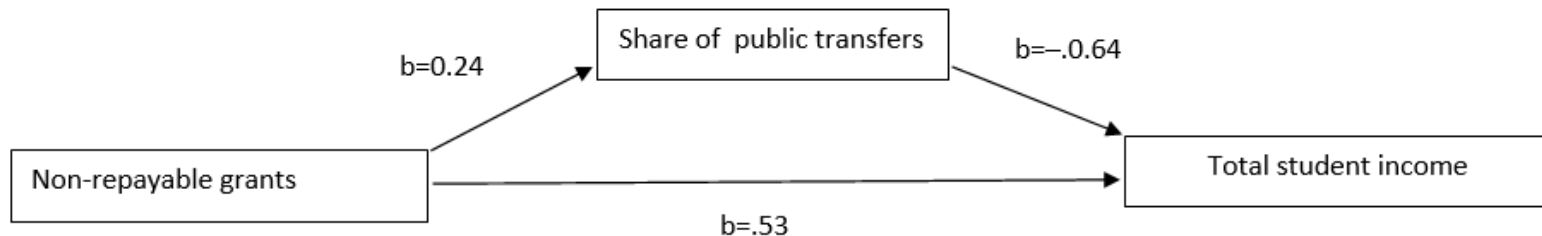
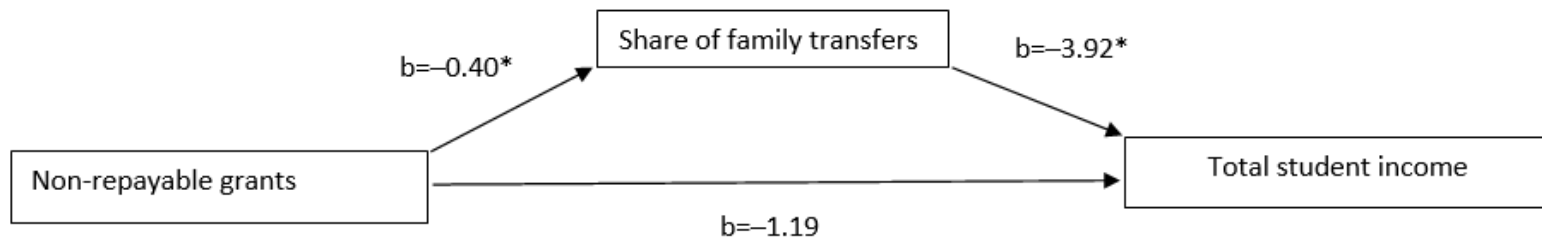
$$r = -.44 \quad (r = .31)$$



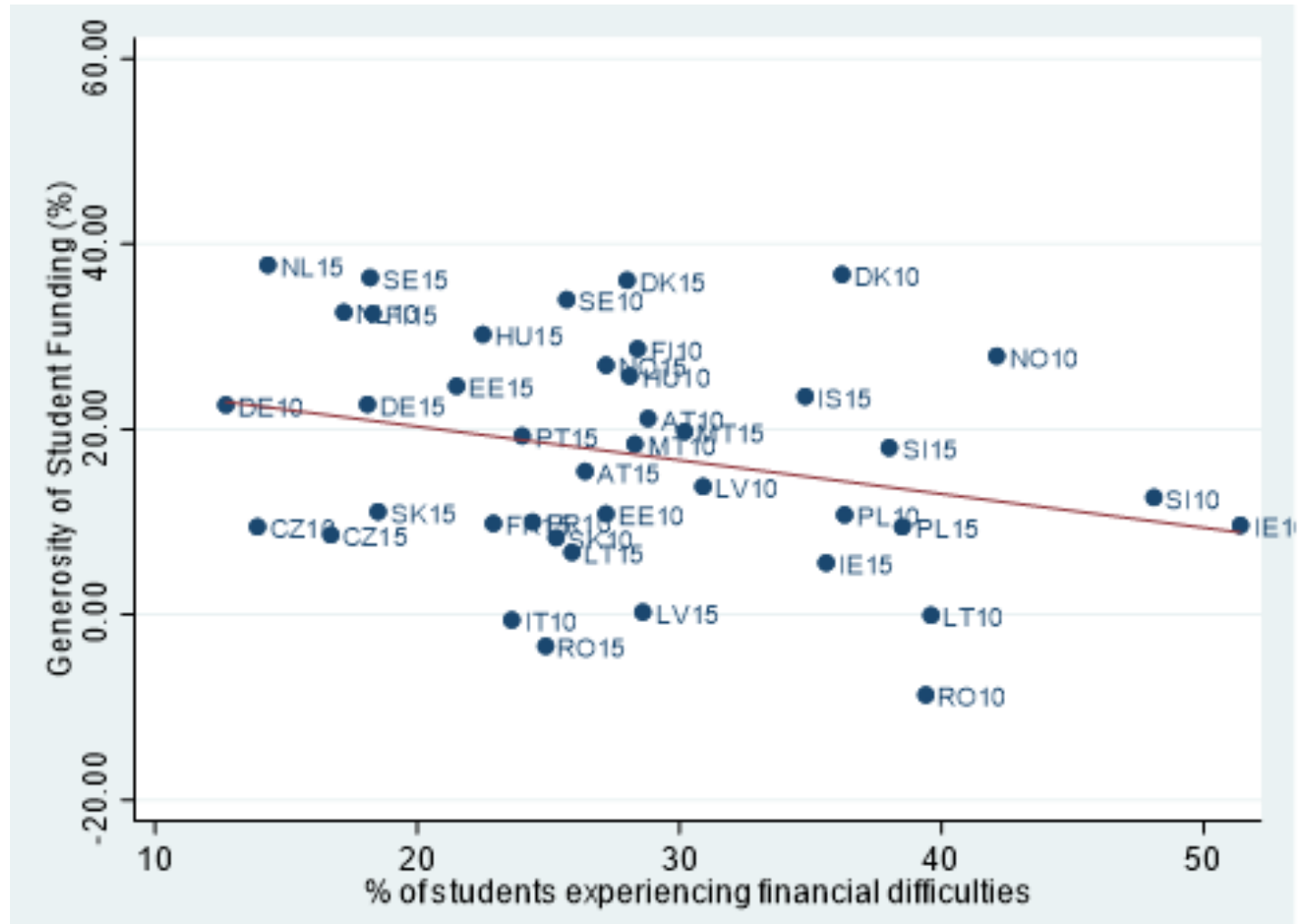
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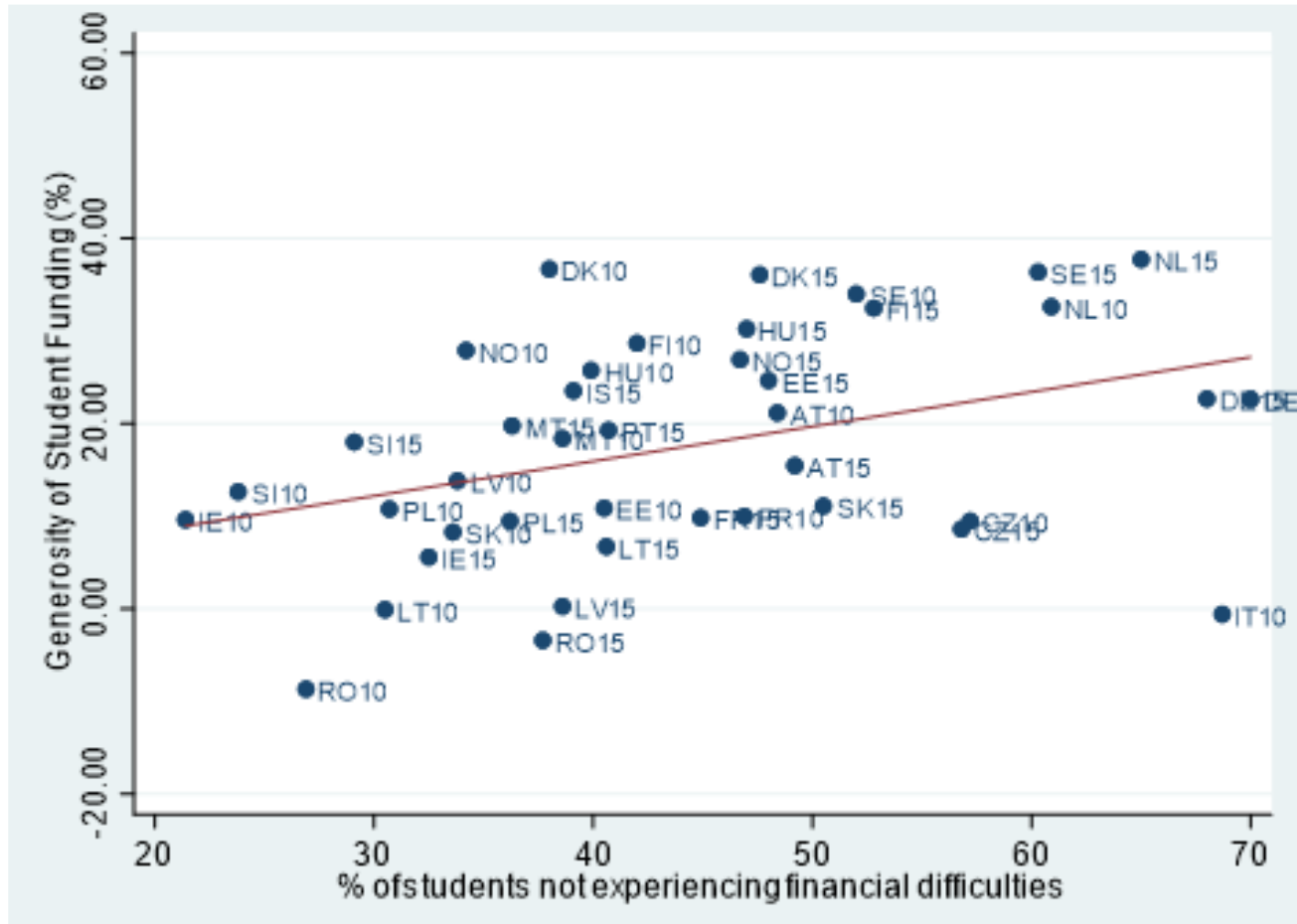
$$r = -.44 \quad (r = .31)$$



RQ1b. SFP and student subjective economic well-being ($r=-.27^*$)



RQ1b. SFP and student subjective economic well-being (B=.20)



Future research plans

1. Waiting for more time series that would allow to deal with some current data problems.
2. Analysing micro data from EVII and EVIII – replacing policy variables with benefit recipiency (country-by-country), and seeking regularities between the findings and student funding policy variables. Cases selected on the basis of macro analysis?
3. Another outcome: student income inequalities (gini etc.).
4. Student welfare as a mediator of the relationship between student funding policy and higher education participation (rates and equity).
5. Other interesting problems?

Thank you!

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