

A Modest 'Policy' Proposal

Allow 'Top-Up Grant' Access to
Independent Adult Learners from
Minimum Wage Backgrounds



November 2007

Thank you for taking the time to glance at this document. All the information presented is referenced in the pages below;

In a nutshell, The facts are;

- How you perform in your Degree course as a Mature Student (Adult Learner) depends on what you were doing in the year before you take up your place on the course;
- If you had a Social Welfare income (€18,055pa)¹ you would be entitled to **€471** per week, each and every week for the duration of your degree, amounting to €73,542 over the 3 years.
- If you were working in a minimum wage job (€17,992pa)² you are entitled to **€78** per week. €393 less per week, than the student from a social welfare background and a total of **€61,233** less in a 3 year degree course.
- If you were earned €38,675 for the year before you started your degree course, you would receive **€65** per week from the government, €13 less than the minimum wage student.
- The basic fact is; if you work in a low paid job, you loose essential financial support while studying.
- The crude yardstick of 13 months unemployment is used to determine all of the financial supports while returning to education.
- This takes no consideration of the type of 'work' you may have had, or the financial return from this work.
- If you were in low-paid, temporary, insecure, short term contract or no contract, work, earning less than you would have on the dole, this does not count. The system only sees employed or unemployed, black or white.
- If you have been stuck in this revolving door of low-skills=low-paid, temporary, insecure work for the past twenty years and see education as the only means of finally escaping this trap, you are taking a €45,000 decision. This is what the government recommends to foreign students who come here to study, budget for their typical 3 year degree course, €15,000 per year.
- 89% of University Graduates are in employment with salary's of €25-33,000+³, making a net contribution to the tax system. In a 25 year working career this amounts to sizeable €250,000+ in revenue generated for the exchequer. Minimum wage employees are not in the tax net.
- Does it not make sense to have parity of esteem for minimum wage workers and social welfare customers through a 3 year degree course?
- The current system penalises those who take low-paid work rather than sign on.
- Under the heading '*Improved Opportunities in Further and Higher Education*' **The Programme for Government** states; 'Enable more students to qualify for the top-up grant'. (An Agreed Programme for Government, June 2007)

A small adjustment in the current system, as suggested in this document could yield plentiful rewards all-round. This, while the whole structure undergoes much needed reform.

¹ Social Welfare Ceiling.

² Minimum wage 2007 €8.30x40x52=€17,772 per year.

³ **What Do Graduates Do?** THE CLASS OF 2005 <http://www.heai.ie/index.cfm/page/sub/id/770>

The 'Top-Up' grant for Mature Students from Minimum Wage Backgrounds.

Introduction

This document; (1) highlights the current vast disparity in student funding, (2) states the reasons for this gulf developing, (3) gives an immediate interim solution to alleviate the hardship caused by fully identifying the action needed and the costs of doing so.

1. Minimum Wage –V– Social Welfare

There is currently a disparity of **€61,233**⁴, in direct governmental support between two students, who were receiving very similar incomes before they started their degree.

- 1; The social welfare student receiving €16,591⁵ income from the dole, plus rent.
- 2; The minimum wage student who earned less than €18,055⁶ per year, in a low-paid job. (*€1,464 difference in income creates a € 61,233 disparity in support over the degree*).

The Problem; When refused the BTEA (c.€50,000 per degree) because of working in a low paid job before going to college, the Minimum Wage mature student is then refused the 'Top-Up' grant (c.€9,000 per degree) because they are not in receipt of that same BTEA. The social welfare student automatically receives the TOP-UP along with the BTEA.

- Independent Mature Students (23+) with a social welfare background can benefit from as much as €73,542⁷ in direct government funding over the course of their degree.
- The Mature Student from a Minimum Wage background (-€18,055), can receive a maximum of €12,309⁸ in direct government support over the same degree course.
- This creates a staggering difference of **€61,233** in direct government support between these two very similar income groups over the 3 year degree course.

The Solution; Proposal; **Include Independent Mature Students from a Minimum Wage Background for the Special Rate of Maintenance Grant**, do not penalise work.

This proposal highlights the way support systems are intertwined resulting in this 'all or nothing' situation, (in some cases, working income can be *less* than dole + rent).

It then offers a simple, effective and immediate mechanism whereby the best **available** support can be made accessible for all students from low-income backgrounds. Elevating some of the hardship caused while much needed wholesale reform can be carried out by the forthcoming, long awaited, Student Support Bill.

Parameters of Proposal

- This proposal concentrates on Independent Mature Students 23+ (assessed on their own incomes). Mature Students nationwide who fall into this category total c.777.⁹
- The focus of this proposal is the '**Top-Up**' Grant, (BTEA reform is a completely separate issue, handled by the Department of Social and Family Affairs).
- The Governments website, Education Ireland, states that a budget €15,000 for living expenses is needed for a full year of study in Ireland¹⁰ (€45,000 per degree).

⁴ See tables page 2; Table 1-Table 2, = € 61,233.

⁵ Weekly payment plus rent support. (185.50x53+130x52=€16,591 per year social welfare)

⁶ The Income limit set by the Department of Education for eligibility for grant support, www.education.ie

⁷ Table 1, page 2.

⁸ Table 2, page 2.

⁹ (Of the 133,691⁹ students enrolled in Higher Education Authority Institutions today, 9.4%⁹ are deemed Mature, (23+) equalling 12,566 Mature Students. 42% of these would qualify for grant assistance, reflecting the percentage in the overall student body; 5277⁹ approx'. 4500 approx Mature Students are receiving BTEA⁹ and the 'top-up' grant. This leaves a total of 777 low-income mature students without BTEA or the top-up grant.

¹⁰ www.educationireland.ie/httpdocs/htm/how/cost.html (Calendar year).

(12 month calendar year basis; social welfare is paid for 12 months, BTEA and Job Seekers Allowance)

2. The Current Student Funding Situation.

Mature Students from a Social Welfare background.

2.1 Students in receipt of BTEA are entitled to the Top-Up', a Medical Card and all other benefits they qualified for as a social welfare claimant including; the Christmas Bonus, Fuel Allowance, T.V. licence, Cost of Education Allowance. They are also entitled to earn a part-time income of up to €60 per week without affecting any of their benefits.¹¹

2.2 They can also sign-on during the summer and have the assurance that this will be their minimum annual income. Insurance Credits are paid throughout these years.

2.3 At present under the current regulations, a mature student from a social welfare background is entitled to receive **€24,514** per year support. This is made up of;

Table 1. The Social Welfare Student.

The Back to Education Allowance(BTEA)(53 weeks) ¹² €185.50 per week,	9831
Rent Support; €130.00 per week	6760
The Maintenance Grant (HEG); €3,420.00 per year	3420
The Special Rate of Maintenance Grant (Top-Up) €3,270.00 per year	3270
Cost of Education Grant €400.00 per year.	400
European Social fund (ESF) €500.00 per year	500
Student Support Fund, (SSF) (loan) per degree. €1,000.00 per degree	333
Per Week (€471) every week for 3 years, guaranteed.	€471(pw)
Total per year;	€24,514(pa)

9831+6760+3420+3,270+400+500+333= €24,514 per year = **€73,542** per 3 year degree.

2.4 Mature Students from a Minimum Wage Background.

Table 2. The Minimum Wage Student.

Maintenance Grant (HEG) € 3420 per year	3420
European Social Fund (ESF) €350 per year	350
Student Support Fund (SSF) €1000 per degree	333
Per week (€78) every week for 3 years, guaranteed.	€78(pw)
Total per year;	€4,103pa

3420+350+333 = €4,103 per year = **€12,309** per 3 year degree.

2.5 At present under the current regulations, a mature student from a low-income background is entitled a maximum of **€4,103** per year support.

2.6 This amounts to €12,309 per degree course, (assuming and including receipt of SSF loan €1,000).

2.7 **€61,233** less than the social welfare student over the same degree.

2.8 The Mature Student from a low-income background who presents at a social welfare office to sign-on as unemployed in summer is informed; they are not entitled to do so, if they declare their intention to return to college in September.¹³

The difference in financial support, per degree between two equal citizens is; €61,233.

¹¹ <http://www.welfare.ie/publications/sw70.html>

¹² Christmas Bonus.

¹³ Section 126 of the Social Welfare Act 1993.<http://www.irishstatutebook.ie/ZZA27Y1993S126.html>

3. Proposal: Allow Minimum Wage Mature Students the 'Top-Up' grant.

Urgent Action to be taken immediately.

As a first and urgent step to rectifying this vast disparity in support and, to give Mature Students who have worked in low-paid jobs in the year preceding their return to education, some chance of completing their degree successfully and to return to the workforce as net contributors;

The Special Rate of Maintenance Grant should immediately be made accessible to each Mature Student from this income group, (below €18,055).

3.1 Using the best available figures, this measure would cost €2.3 million per year. This represents 0.01% of the total budget of €1.9 billion announced by the Minister for Education in Jan 2007¹⁴.

3.2 This measure would not involve setting up any new infrastructure or the drafting any new laws and can be initiated with immediate effect.

3.3 The regulation which denies access to this 'top-up' rate of grant is contained in the document 'Accompanying Notes to Grant Application', published by the Department of Education, distributed to the Local Authorities 'Corporate Services Departments', as instruction on allocation of grants.¹⁵

3.4 In CLAUSE 4.4.6, of this 'Accompanying' document it states;

For the award of a special rate of maintenance grant a candidate's reckonable income must, as at 31 December 2006, include one of the payments listed in Appendix III.

3.5 Appendix III lists social assistance and social insurance payments, including; Unemployment Benefit, which must have been continuous for at least 12 months before taking up the college course offered. **This creates the anomaly scenario.**

3.6 This Clause effectively sets out the same qualification criteria as the BTEA, meaning if you qualify for one, you qualify for both. And if you *do not* qualify for one you *do not* qualify for either, even if you pass the income threshold test of below €18,055.

3.7 By adding the four word qualification;

(Except Independent Mature Students),

to the above clause, Mature Students (23+) assessed on their own incomes, who have proven that income was below the €18,055 threshold, would be entitled to the Special Rate of Maintenance Grant.

3.8 This would bring the annual income of a mature student from a low income background to €7,373. Maintenance grant of €3,420, the ESF €350 and the 'top-up' of €3,270 with the SSF loan of €333. This gives a weekly total of €141.78 to meet estimated living costs of €288.46, as set out in Education Ireland website.¹⁶

3.9 Implementation of this measure would bring the difference in financial support from €61,233 to €51,424 per degree. It leaves €22,881 to be generated by the low-income mature student, by their own means, to reach the €45,000 minimum of living costs estimated on Education Ireland, to succeed in their 3 year degree campaign.

¹⁴National Development Plan 2007-2013/Chapter 11, p248.

¹⁵Download Word Document at <http://www.education.ie/home/>

¹⁶Government estimates. €15,000 per year €288.46 per week living costs www.educationireland.ie/httpdocs/htm/how/cost.html (Calendar year). (See note 7 above).

Conclusion

It is difficult to accept that you are disqualified from nearly €50,000¹⁷ in financial support for working in a low-paid job. But then, to learn that you are disqualified from a further c. €9,000¹⁸ because you are disqualified from the €50,000, is incredible.

Reform in this matter and the approval of the action needed to correct this anomaly would be seen a first progressive step towards an ultimate goal of parity of esteem and equality in financial support for all students' based on income alone.

A truly visionary policy would provide a 'scholarship', (not a grant or an allowance, a scholarship) for any motivated qualified citizen who had shown enthusiasm for education by obtaining a 'College Entrance Certificate' and obtaining an offer of a place in University.

This *investment* would reap plentiful reward.

It is hoped the forthcoming, long overdue 'Student Support Bill', will address these anomalies. However, for '*Minimum Wage Mature Students*' who are currently studying and those who may unwittingly (there is a lack of systems to check before you accept your place, at present), fall into this category in the near future, this will be too late.

Whether it is accomplished by the method suggested or by any other means; this measure **is** urgent and must be implemented immediately.

CONSULTED PARTIES

Students Union Maynooth
Mature Students Representative Maynooth
AONTAS
National Organisation for the Unemployed
Combat Poverty Agency

SELECTED REFERENCES

Action Group on Access to Third Level Education, (2001) *Report of the Action Group on Access to Third Level Education Dublin*.

Department of Education and Science, *Annual Report (2004)* Change Management Unit.

Irish Council for International Students *Cost of Living for Students* http://www.icosirl.ie/student_info.php

A Report to the Minister for Education and Science, *Supporting Equity in Higher Education*, (2003).

Report of the High Level Group on University Equality Policies The Higher Education Authority (2004).

The Union of Students in Ireland *Funding Fairness* Unlocking Lobby of the Oireachtas (2006),

National Office for Equity of Access to Higher *Education Funding to Achieve Equity of Access to Higher Education* (2005).

Reviews of National Policies for Education, *HIGHER EDUCATION IN IRELAND*, OECD 2006.

¹⁷ BTEA 9831+ Rent Support 6760 x 3 years= €49,773

¹⁸ 3270x 3years= €9810

Reference Table 1.

Monetary Income Rights for Lone Parents who return to Education in 2007

Single Parent Student One Child of School going age; ¹⁹	Weekly	Monthly	Annually
One Parent Family Payment/ B.T.E.A.(185.80 +22 per child) ²⁰	207.80		11013
Child Benefit (One Child)		160	1920
Early Childcare Supplement			1000
Back to School Clothing and Footwear Allowance			180
Rent/Mortgage Support (Dublin rate)	250	1000	12000
Medical Card (Monetary valued at €700 per person per year) ²¹			
Maintenance Grant			3420
Special Rate 'Top-Up'			3270
Cost of Education Allowance			400
Total ' <i>guaranteed</i> ' Income per year; Per 3 year Degree Course; €99,609	€33,203 Divided by 52 = €683 cash per week.		
Any (social welfare) student is entitled to apply for extra funding including E.S.F(500)+S.A.F. (300) = €800 per year			800
Part time/summer earnings ceiling without effecting benefits;60% of lone parents work part-time ²²	60 pw		3120
Maintenance from the child's other parent	65 pw		3380
Total possible extra income;			€7300
Total ' <i>possible</i> ' income cash Income per year; Per 3 year Degree Course; €121,509	€40,503 Divided by 52= €778 cash per week.		

Comparisons;

- According to Deloitte & Touche²³ tax calculator, you need a job earning €42,500 per year to €660 cash per week after tax and PRSI, and a €56,000 per year job to receive €800 cash per week after tax and PRSI.
- The average industrial wage in 2007 €32,000. €495 per week after tax.
- Full Time Crèche in NUI Maynooth for one child is €137.50 per week for a student (36X137.50) = €4,950 per term. (Grants available).
- The average cost for one child for a working parent is €180 per week, three times the EU average. This amounts to 38% of the take-home pay of the average Irish worker.²⁴ (180x48 = €8,640 per year).

--	--	--	--

¹⁹ All figures can be checked on <http://www.citizensinformation.ie>

²⁰ Including Christmas Bonus (53x 207.1= 10976.30)

²¹ [WWW.comhairle.ie/social/social_research_MedicalCardReport.html](http://www.comhairle.ie/social/social_research_MedicalCardReport.html)

²² www.treoir.ie/pdfs/workplace.pdf

²³ http://www.deloitte.ie/taxcalculator/DT_TaxCalculator.html

²⁴ <http://www.rte.ie/tv/theafternoonshow/1069656.html>