Government reveals student loan contribution

Data published today shows forecasts for student numbers, the cost of student loans and loan repayments in England.

New figures today (27 June) reveal that around 45% of the value of student loans being taken out in England will actually be covered by the taxpayer.

Student loan repayments for those on the latest undergraduate student loan system are only made while the graduate earns over £25,725 and are time limited to 30 years. The system is deliberately designed in the knowledge that not everyone will end up paying the full amount.

Mr Hinds has also emphasised how the student loans system is enabling millions of people from all walks of life, including record proportions of disadvantaged 18-year-olds, the opportunity to study at university to improve their career prospects.

It is estimated that 70% of full time undergraduates starting university in 2018/19 will benefit from a government contribution; on average across all student loans, the contribution is around 45p in the pound. In total, this contribution equates to £7.4 billion in the financial year 2018-19.

In turn, this investment will boost the country's skills, and help many do jobs that have significant social and cultural importance to the world we live in.

Education Secretary Damian Hinds said:

> It is often overlooked just how much the Government, and therefore the taxpayer, contributes to student loans being taken out in England. Student loans are unlike commercial loans, in a number of different ways – but fundamentally because you don't have to pay

> unless you’re earning over the income threshold, and after 30 years it is written off.
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> A subsidy of around 45% is a substantial amount, but a deliberate design of the system intended to make sure our world-class education is open to anyone who can benefit from it.
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> Today’s figures highlight just how progressive our system is, but also reiterates the need for universities to deliver value for money on courses – not just for students, but the taxpayer as well.

Student loans can contribute to living costs and tuition fees, which means this subsidy represents a substantial funding stream for university income.

The figures published today are part of the Government’s Resource Accounting and Budgeting (RAB) charge, which outlines the amount of value of student loans written off by the government e.g. when they cannot be repaid by graduates after 30 years.

Today’s data has also revealed that the Master’s loan system does not require any subsidy from the government, with the majority of students studying at this advanced level going on to pay back their loans in full.

It is expected that overall, full-time undergraduate entrants eligible for tuition fee loans, at higher education institutions, are forecast to grow over the five-year period, rising to 397,000 in 2023/24. In 2018/19, this figure is estimated to be 384,000.