

## Ten Good Reasons Why University Tuition Fees Are A Bad Idea

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*Tuition fees at public universities in England are now, on average, the highest in the world. The reform has already been judged by monitoring authorities to be a bankrupt idea. It is without question a rushed and ill-considered experiment, out of line with the policies of other Western democratic nations. The arguments against this high fees regime are many and various. This blog looks at the new system from different angles in order to show the impact it will have on individuals and on society as a whole, on universities and on the national economy, offering ten good reasons why university tuition fees are a bad idea.*

### **Reason 3: Middle Income Graduates Pay More Than the Rich**

University Tuition Fees are a regressive government levy, forcing the less well-off to pay a disproportionate part of their income. Contrary to the propaganda of the current government, the high fees regime is unfair and it is certainly not risk free.

It is not a requisite to take out a loan to pay for the tuition fee. Although they don't publicise it, most universities offer a discount of 2% to 5% for fees paid upfront, £1300 or more. Similarly with the maintenance loans. If family finances permit, students can be cushioned against debt and get their degree at a cut-price rate. For parents who can afford to send their children to private schools, the high fees regime will appear very affordable. If they don't wish to pay upfront, they can bank the loan, earn interest on it, and wait to pay it off when their child starts earning above the repayment level. The government dropped plans to levy a charge for early repayment.

But all but the wealthiest will have to borrow, and the ones who will be hit hardest financially will be those from middle-earning families, who themselves gain middle-earning jobs after graduation. Interest on the loan is set at above an above inflation rate, in order to pay for the running of the scheme, and this leads to some startling calculations. According to one calculation, those with a starting salary of £30,000 will repay a whopping £98,000 on a loan of £34,500 while those on who start at £50,000, will pay £64,000; a £34,000 differential dramatically favouring the rich over the middle earner. According to another, the real cost of a three-year degree course, repaid over 30 years including interest, could be as much as £166,150 for a graduate with a starting salary of £26,000.

Even those in respected middle-earning roles such as teachers, managers, and health professionals may not be able to pay back their loans with the 30-year repayment period.. The level of net repayment as a percentage of income will be significant and affect the affordability criteria for buying a house. The Higher Education Commission foresees that a teacher at 35 would have difficulty securing a mortgage, as a result of the repayment commitments. The so-called 'graduate premium' that has been used to justify the high fees regime has been exposed by recent research to be a myth.

## Sources

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