

Income & Expenditure Survey 2010 – Summary of key findings

Background

The New Zealand Union of Students' Associations (NZUSA) has commissioned Income & Expenditure Surveys since 1994 (following the introduction of the Student Loan Scheme in 1992) in order to learn more about the financial situation of students at public tertiary institutions. The information obtained from the research is used by NZUSA to assist in policy making, lobbying and better representation of the needs of and interests of tertiary students.

Research methodology

NZUSA commissioned Colmar Brunton to carry out the survey at the following campuses between September and November 2010:

- Auckland University
- Auckland University of Technology
- Canterbury University
- Lincoln University
- Massey University (Albany)
- Massey University (Palmerston North)
- Massey University (Wellington)
- Nelson-Marlborough Institute of Technology
- Otago Polytechnic
- Otago University
- Unitec
- Universal College of Learning
- Victoria University
- Waiariki Institute of Technology
- Waikato Institute of Technology
- Waikato University
- Wellington Institute of Technology

5700 surveys were distributed amongst randomly selected students who were asked to complete the survey form either on the spot, drop off to their students' association or mail it back in a supplied envelope. Reminder emails and phone calls were made, with a final completion rate of 50%. Data was weighted to correct for sampling schemes applied and to align with data with age and gender profiles within each tertiary institution, as supplied by the Ministry of Education.

In summary

The survey reveals that students were hit hard by the recent economic recession with fewer jobs and greater expenses meaning many struggled to make ends meet. Weekly living expenses have increased, along with tuition fees and student debt. Financial stress while studying, and the perceived impact of debt upon graduation, continue to feature highly, as students juggle the desire and need for a tertiary education with the high personal and economic costs involved.

The 2010 findings demonstrate that students are a low income group facing significant education and living costs and are vulnerable to unemployment. The survey reinforces that the New Zealand student support system clearly fills a great need in supporting participation in higher education, particularly in harsh economic times.

Key findings – Student Debt

Student loan debt continues to climb

- The incidence of student loan debt dropped from 88% in 2007 to 80% in 2010, consistent with 2001 results of 80%.
- Average student loan debt is now \$15,558, 31% higher than in 2001.
- The median amount borrowed has increased to \$12,000 in 2010, 41% higher than in 2001.
- More than three quarters of students (77%) relied on a student loan to pay for tuition fees, up from 69% in 2007, indicating it has been more difficult to save for fees in the recent harder economic times.
- The proportion of students with high debt (over \$6000) has remained relatively constant over the last decade, with 61% in 2001 and 2004 and then 60% in 2007, but has risen 12% in the past three years to 67% in 2010.
- The incidence of those with low debt (zero debt or less than \$2000) has decreased from 26% in 2007 to 19% in 2010.
- Only 12% of students expect to have no student loan debt at the end of their qualification.
- The highest perceived impacts of having a student loan were seen as being the ability to buy a house (72% cited this), deciding when to go overseas (69%), and saving for the future (65%). The jump from 63% to 69% regarding impact on deciding when to go overseas is particularly worrying given concerns regarding loss of skilled New Zealand graduates off shore and the existing workforce shortages in many areas.
- 37% of those who say they will have a loan at the end of their qualification think their loan will influence their decisions about whether or when to have children. This is a significant increase since 2001 (up from 28%) and 2007 (up from 29%).

Student debt

- Given the recession and difficulty obtaining work, students appear to have been more cautious about their general debt in 2010, with fewer accessing credit (down from 25% to 18%) and overdraft (down from 37% to 27%) facilities.
- Students were less likely to have received a loan from their parents in 2010, down from 17% in 2007 to 14% in the current survey.

Key findings – Student Expenditure

Students have continued to experience high costs in both education and living costs, though students have reduced expenditure on major items and accommodation, reflecting a more cautious approach to expenses.

Expenditure rises in 2010

- Overall student expenditure has increased by 4% since 2007 and over 27% over the past decade (since 2001), although students appear to have been tightening their spending on major items.
- The median annual expenditure for all students during the academic year was \$15,736.

- The median total cost of weekly living expenses for fulltime students increased by 6% since 2007.
- Median childcare costs have experienced a 30% jump from \$35 to \$50 per week. The loss of the Training Incentive Allowance in 2009 for most students, and the tight job market, may have compounded this issue, and contributed to the substantial drop in the proportion of parents studying, down from 19% in 2007 to 8% in 2010.
- Median weekly expenses for food (\$50), transport (\$30), entertainment (\$30), personal items (\$10) and general bills (\$20) have remained consistent with 2007.
- Median accommodation costs increased slightly from \$110 in 2007 to \$115 in 2010, however average accommodation costs decreased slightly from \$142 to \$136 per week.
- Slightly smaller proportions of fulltime students incurred each of the major expenses in the survey. The median cost of expenses for these students was \$1,400.
- The most common major expense for fulltime students were text books (72%), clothing (67%) and travel out town (50%).

Tuition Fees

- Tuition fees continue to be a significant cost, increasing by 13%.
- Median tuition fees are now \$5,400, an increase of over 42% since 2001.
- Average tuition fees for all students are now \$6,246, an increase of over 48% since 2001.
- Median fees for part time students have increased most significantly, by 52% since 2001 (from \$1,848 to \$2,800).
- One in every four students cited fees as having an influence on their choice of course.
- Of those who cited fees as an influence on course choice, 58% had to think carefully about whether their courses/papers were worth taking, 46% had to think carefully about whether they could afford to study/be a student, and 21% stated that fees influenced their choice about which institution to attend.
- 13% (main reason) and 6% (other reason) of students who are not continuing their studies in 2011 cite the reason being they cannot afford to study more.

Key findings – Student Income & Employment

With average incomes decreasing, fewer students able to find work, and expenses and tuition fees increasing, students are more dependent on debt to sustain them in their studies.

- Significantly fewer (65%) students were employed in regular or casual work during the academic year, down from 90% in 2007, indicating students have borne the brunt of recent high unemployment rates.
- Fulltime students with a regular job worked an average 21 weeks of the academic year, slightly down on 24 weeks in 2007.
- Fulltime students with a regular job worked an average 12 hours per week, slightly lower than the 14 hours per week in 2007.
- The average amount received from a regular job was \$155 per week for fulltime students.
- The median student income across all students has increased only marginally since 2007, up from \$4,008 to \$4,300.

- The average student income has decreased since 2007, from \$7,584 to \$5,892.
- The median annual amount earned by those who worked during the academic year was \$2,451.
- 58% of students are stressed about the effect of their financial situation.
- Students have had to rely more on other sources of income, such as student loans, student allowance and monetary gifts from parents.
- The proportion of students living at home with their parents during the academic year has increased substantially since 2007, up from 26% to 38%.
- More students received a student allowance (43%) than in 2007 (37%), however the average amount received across all students is only \$70 per week, consistent with the 2007 average of \$70 per week.

Key findings – Attitudes, Course Choice & Quality

Attitudes towards tertiary education

Students' views on a range of tertiary policy issues remain largely consistent with previous years.

- The majority of students (90%) support zero interest on student loans (this was 91% in 2007, and 87% in 2004).
- Almost three quarters (73%) believe a living allowance should be provided for all fulltime students (this was 77% in 2007, and 78% in 2004).
- 70% believe tertiary fees are too high (compared to 76% in 2007).
- 65% believe the unemployment benefit should be provided to students who cannot find work over summer (consistent with 65% in both 2007 and 2004).

Course quality

- The majority of students (88%) rated the overall quality of their course as good or very good.
- More than four in five students (83%, up from 80% in 2007) provide good or very good ratings to the quality of teaching staff.
- More students rate the resources within the library as good or very good (77%, up from 73%).
- The highest levels of dissatisfaction, where students rated areas fair, poor or very poor, were the reasonableness of the course workload (36%) and quality of the non-academic support services (37%).

Choice of Institution

- The main reason for choosing the particular university or polytechnic students were studying at was that they offered the types of courses students want to do (64%).
- 58% cited their institution's reputation as a reason for choosing to study there
- 44% state they chose their institution based on it being close to where they live or work.
- 11% of students cited costing less to study there as a reason for choosing their university or polytechnic.